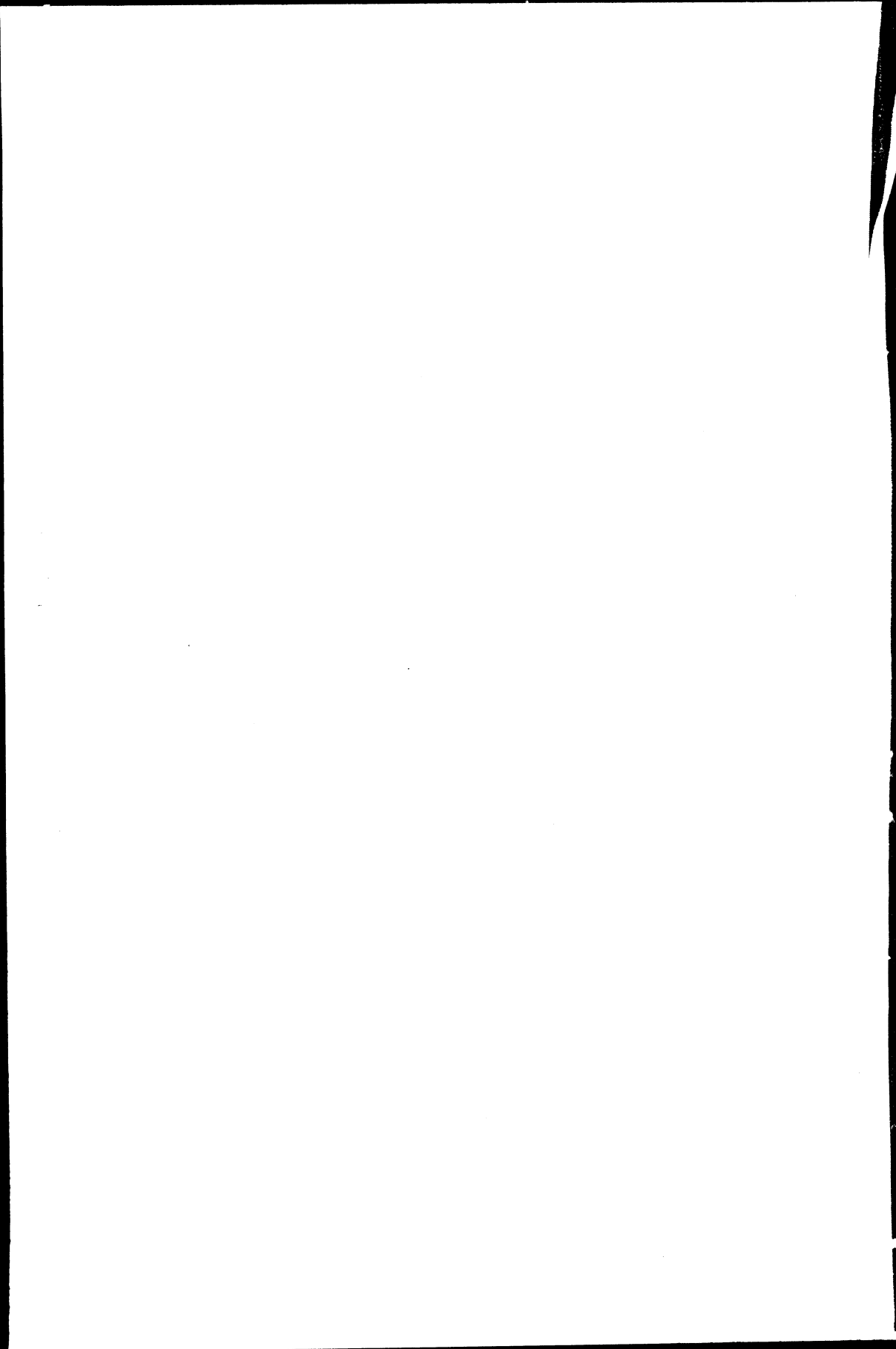


PUBLIC
PAPERS AND
ADDRESSES OF
FRANKLIN D.
ROOSEVELT

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THE PUBLIC PAPERS AND ADDRESSES
OF FRANKLIN D. ROOSEVELT

Volume One

THE GENESIS OF THE NEW DEAL

1928-1932

Volume Two

THE YEAR OF CRISIS

1933

Volume Three

THE ADVANCE OF RECOVERY AND REFORM

1934

Volume Four

THE COURT DISAPPROVES

1935

Volume Five

THE PEOPLE APPROVE

1936

THE PUBLIC PAPERS
AND ADDRESSES OF
FRANKLIN D.
ROOSEVELT

II
WITH A SPECIAL INTRODUCTION
AND EXPLANATORY NOTES BY
PRESIDENT ROOSEVELT



Volume Two
THE YEAR OF CRISIS
1933

RANDOM HOUSE • NEW YORK • 1938

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CAMDEN, NEW JERSEY

The material in these volumes has been

compiled and collated by

SAMUEL I. ROSENMAN

Counsel to the Governor during the ad-

ministration of Franklin D. Roosevelt

as Governor of the State of New York

1929-1932



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The Year of Crisis

Introduction

THE TITLE of this volume—*The Year of Crisis*—is intended to be taken in its largest sense. There was, of course, grave material crisis in the spring of that year in banking, in industry, and in farming—a crisis which, by cutting the buying power of the Nation, made itself felt in widespread human misery. Equally important, however, but not so well remembered now, was the crisis in the spirit and morale of our people. Four years of continuing fear of losing capital, of losing savings, of losing jobs, had developed under the deadening hand of the depression into fear of eviction from homes and farms, and fear of actual starvation. Millions of people, gripped by this greater fear, had begun to feel that the machinery of modern American economics and Government had broken down so completely under the strain of the new demands placed upon it by modern civilization, that an entirely new type of mechanics for existence would have to be invented. They were not clear in their own minds as to what type they should seek; but their confidence and morale were so shaken that many of them would have been willing to accept any form of specious glittering guarantee of a chance to earn a livelihood.

This attitude of hopelessness was aggravated by the recognized failure of the Federal Government to assume any practical leadership, to hold out any prospect of immediate help for the present or any hope for a more secure future.

In the face of this crisis in national morale, no remedy which stopped short of correcting the immediate material illness of the moment could be a safe or permanent cure. A temporary revival of a sense of physical security would be insufficient. Action was necessary to remove the sore spots which had crept into our economic system, if we were to keep the system of private property for the future. To preserve we had to reform.

That simple truth was not recognized by some people. In fact, a great many who were thinking of future national welfare in

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terms of immediate dollars began to protest within only a few weeks after the banking crisis of March 4, 1933, against our efforts to couple reform with recovery. In their selfish shortsightedness they were deluded into the belief that material recovery for the moment was all the Nation needed for the long pull.

These few did not realize how childish and unrealistic it was to speak of recovery first and reconstruction afterward. The process of recovery by its very nature required us to remove the destructive influences of the past. To attain the goal of the greater good for the greater number with any degree of permanence, the old abuses had to be uprooted so that they could not readily grow again.

From the first day of my Administration permanent security was just as much in the front of our minds as the temporary bolstering of banks, the furnishing of immediate jobs and the increase of direct purchasing power. Recovery has come far and with reasonable speed; reform has come less far in the same period of time. But reform is just as important to permanent security in the spring of 1938 as it was in the spring of 1933.

Even in the spring of 1932 I had come definitely to that conclusion. It was the result of trying to think things through during many years; it was the result of observations of what the country had gone through during the days of false prosperity after the World War and the days of darkness after the panic of 1929; and it was the result especially of my experience as Governor during four difficult years.

On the occasion of the all-night session of the Democratic National Convention in Chicago, in 1932, I was at the Executive Mansion in Albany with my family and a few friends. While I had not yet been nominated, my name was still in the lead among the various candidates. Because I intended, if nominated, to make an immediate speech of acceptance at the Convention itself in order to get the campaign quickly under way, we discussed what I should say in such a speech. From that discussion and our desire to epitomize the immediate needs of the Nation came the phrase a "New Deal," which was used first in that acceptance

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speech and which has very aptly become the popular expression to describe the major objectives of the Administration.

The word "Deal" implied that the Government itself was going to use affirmative action to bring about its avowed objectives rather than stand by and hope that general economic laws alone would attain them. The word "New" implied that a new order of things designed to benefit the great mass of our farmers, workers and business men would replace the old order of special privilege in a Nation which was completely and thoroughly disgusted with the existing dispensation.

The New Deal was fundamentally intended as a modern expression of ideals set forth one hundred and fifty years ago in the Preamble of the Constitution of the United States—"a more perfect union, justice, domestic tranquillity, the common defense, the general welfare and the blessings of liberty to ourselves and our posterity."

But we were not to be content with merely hoping for these ideals. We were to use the instrumentalities and powers of Government actively to fight for them.

There would be no effort to circumscribe the scope of private initiative so long as the rules of fair play were observed. There would be no obstacle to the incentive of reasonable and legitimate private profit.

Because the American system from its inception presupposed and sought to maintain a society based on personal liberty, on private ownership of property and on reasonable private profit from each man's labor or capital, the New Deal would insist on all three factors. But because the American system visualized protection of the individual against the misuse of private economic power, the New Deal would insist on curbing such power.

A frank examination of the profit system in the spring of 1933 showed it to be in collapse; but substantially everybody in the United States, in public office and out of public office, from the very rich to the very poor, was as determined as was my Administration to save it.

A frank examination of the social system showed that it, too,

Introduction

was in collapse; but in this case there was not such unanimity. The vast majority of our people, but by no means all, wanted to build it up on sounder foundations and on sounder new lines.

All through the spring and summer of 1933, when the many measures adopted by the Special Session of the Seventy-third Congress were just beginning to be effective, a vocal minority had already begun to cry out that reform should be placed on a shelf and not taken down until after recovery had progressed. This same vocal minority four years later, when recovery is well under way, still obstructs with all its power reforms now too long delayed, refusing still to realize that recovery and reform must be permanent partners in permanent well-being.

It irked some people in 1933 that at the Special Session of the Congress—the famous “Hundred Days”—so many activities were begun at the same time. They would have been more content if Government had restricted itself at that time to saving the banks which were closing, to saving the large financial and industrial organizations, many of which were faltering, and to bailing out the railroads and other huge corporations which needed money to save them from bankruptcy. For in spite of the lessons of 1931 and 1932, they still were willing to believe that this kind of help by Government to those at the top of the financial and business structure of the country would trickle down and ultimately save all.

Here again, examination and reexamination of all the aspects of the national problem led inevitably to the conclusion that a mere rescue of organizations of wealth at the top would be no solution. Obviously the remedies had to cover a far wider field; they had to include every phase of economic life throughout the Nation—at the bottom of the structure, in the middle, and at the top. The organization of the American economy had become so closely knit, and each part of it had become so entirely interdependent, so thoroughly welded in the whole, that each and every element in it had to receive the active attention of Government.

We were determined to help all that needed help for recov-

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ery: we were equally determined to reform wherever reform was necessary to insure permanence in recovery.

That determination was expressed during those "Hundred Days" by our efforts in the Banking Acts of 1933 to restore confidence in our banks, and to make our entire banking system sounder and more honest; in the Securities Act of 1933, to safeguard legitimate investors from questionable promotions; in the various laws and Executive actions with respect to gold, silver and foreign exchange, to insure a sound and adequate currency; in the reinvigoration of the Federal Power Commission, to protect investors in public utility stocks and consumers of public utility services; in the Deposit Liquidation Board, to make loans to closed banks throughout the Nation to help the depositors obtain a substantial portion of their frozen deposits; in the Foreign Bondholders Protective Council, to help American holders of defaulted foreign bonds; and in the Federal Deposit Insurance Corporation, to insure future deposits in case of bank failures.

That same determination was expressed during those "Hundred Days" by our efforts in the Agricultural Adjustment Act, to restore and stabilize agricultural income; in the Emergency Farm Mortgage Act of 1933, to save the farms of the Nation from wholesale foreclosure; in the promotion of a good-neighbor policy and in our conferences with representatives of foreign powers, to bring about closer international understanding and relationships and promote our foreign trade; in the Home Owners Loan Act, to save city and village homes from foreclosure; in the Emergency Railroad Transportation Act, to help the great railroad systems of the country; in our action to restore the oil and petroleum industry of the Nation from a state of almost complete collapse; in the National Industrial Recovery Act and in the establishment of the National Labor Board and other special labor boards, to help the cause of labor and industrial peace by encouraging collective bargaining, mediation, and arbitration between employers and employees; in the establishment of the Commodity Credit Corporation, to help the farmers of the Nation by lending them money on their surplus crops so that they might

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continue to hold them instead of dumping them on already saturated markets.

And in the same way, that determination was expressed during those "Hundred Days" by our efforts in establishing the Civilian Conservation Corps, to give several hundred thousand boys and veterans a chance to get off the streets and tramp-trains and out of hobo jungles, into useful outdoor work in the forests of the Nation; in the establishment of the Federal Emergency Relief Administration, to furnish food and clothing for those who were hungry and destitute through lack of jobs which they sought in vain to find; in setting up the Tennessee Valley Authority, to provide an example of proper planning and use of natural resources of soil and water for the benefit of the average men and women in the Tennessee River Valley; in the National Industrial Recovery Act, to provide jobs for the unemployed, to improve wage income and working conditions, and to eliminate unfair competition and trade practices in business; in the creation of the Public Works Administration, to provide work relief on large projects of public works; in setting up the Federal Surplus Relief Corporation, to help the farmers as well as the hungry unemployed by purchasing surplus foodstuffs and distributing them to those who might otherwise not have had food; and in setting up the Civil Works Administration, to inaugurate a widespread program of work relief for those who could not find jobs in private industry.

And that determination was again expressed when we organized the National Emergency Council to coordinate all these far-flung activities, so that no one group would receive Government assistance which would unnecessarily injure other groups.

All of these examples of the use of the authority of Government, as an organized form of self-help for all classes and groups and sections of our country, were adopted during those first famous "Hundred Days," or during the balance of that year of crisis as a result of the legislation of the first hundred days. Many other instances came in the succeeding years. These of 1933 form

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the nucleus of the new activities; they are all included in the discussion in this volume.

They were the New Deal in action—Government acting to bring about not only immediate recovery, but its long-range objectives in reform. For underlying all of the immediately effective provisions of these laws and all the activities of the agencies under them, was the ever-directing purpose of permanence of objectives.

We knew that a leaderless system of economy had produced and would again produce economic and social disaster. Private leadership had been non-existent from the point of view of seeking the objectives of national welfare; Government leadership was the only method left.

Briefly, the objectives were, have always been, and still are:

A chance for men and women to work in industry at decent wages and reasonable hours; or to engage in farming at a decent return.

A chance to keep savings in banks safe from the speculative use of other people's money; and to make investments without danger of deception or fraud by greedy promoters and speculators.

A chance for adequate recreation, better housing and sounder health.

A chance to make reasonable profit in business protected against monopolies and unfair competition, but organized so as to provide fair prices for the consuming public.

Planning and use of natural resources for the benefit of the average men and women.

Security against the hardships of old age.

Security against unexpected or seasonal unemployment.

Security against new as well as old types of criminals.

Security against war.

The task of reconstruction which we undertook in 1933 did not call for the creation of strange values. It was rather finding the way again to old, but somewhat forgotten, ideals and values. Though the methods and means and details may have been in

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some instances new, the objectives were as permanent and as old as human nature itself.

That so many of our purposes could be put in process of fulfillment in the year 1933 is a tribute to the ability of democracy to recognize a crisis and to act with sufficient speed to meet it. A Nation of citizens, as well as the Congress and the Executive branch of the Government, quickly understood the problems and the answer. We did not have to revert to the autocracy of a century ago, as did less hopeful countries where the ways of democracy were not so old and tried.

America was privileged to show the world in that year of crisis that democracy can find within itself the elements necessary to its own salvation. The task of the succeeding years, and the task of today, is to see to it that our democracy is kept equipped with the necessary power and machinery to keep pace with the quick social, economic, and scientific changes which have taken place in recent years and which will continue to occur in the years to come.

A handwritten signature in cursive script, reading "Franklin D. Roosevelt". The signature is written in dark ink and features a long, horizontal flourish at the end.

Washington, D. C.
November 1, 1937

1 ¶ Inaugural Address. March 4, 1933

I AM CERTAIN that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our Nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

In such a spirit on my part and on yours we face our common difficulties. They concern, thank God, only material things. Values have shrunk to fantastic levels; taxes have risen; our ability to pay has fallen; government of all kinds is faced by serious curtailment of income; the means of exchange are frozen in the currents of trade; the withered leaves of industrial enterprise lie on every side; farmers find no markets for their produce; the savings of many years in thousands of families are gone.

More important, a host of unemployed citizens face the grim problem of existence, and an equally great number toil with little return. Only a foolish optimist can deny the dark realities of the moment.

Yet our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered because they believed and were not afraid, we have still much to be thankful for. Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. Primarily this is because rulers of the exchange of mankind's goods have failed through their own stub-

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bornness and their own incompetence, have admitted their failure, and have abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.

True they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort. The joy and moral stimulation of work no longer must be forgotten in the mad chase of evanescent profits. These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men.

Recognition of the falsity of material wealth as the standard of success goes hand in hand with the abandonment of the false belief that public office and high political position are to be valued only by the standards of pride of place and personal profit; and there must be an end to a conduct in banking and in business which too often has given to a sacred trust the likeness of callous and selfish wrongdoing. Small wonder that confidence languishes, for it thrives only on honesty, on honor, on the sacredness of obligations, on faithful protection, on unselfish performance; without them it cannot live.

Restoration calls, however, not for changes in ethics alone. This Nation asks for action, and action now.

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Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.

Hand in hand with this we must frankly recognize the overbalance of population in our industrial centers and, by engaging on a national scale in a redistribution, endeavor to provide a better use of the land for those best fitted for the land. The task can be helped by definite efforts to raise the values of agricultural products and with this the power to purchase the output of our cities. It can be helped by preventing realistically the tragedy of the growing loss through foreclosure of our small homes and our farms. It can be helped by insistence that the Federal, State, and local governments act forthwith on the demand that their cost be drastically reduced. It can be helped by the unifying of relief activities which today are often scattered, uneconomical, and unequal. It can be helped by national planning for and supervision of all forms of transportation and of communications and other utilities which have a definitely public character. There are many ways in which it can be helped, but it can never be helped merely by talking about it. We must act and act quickly.

Finally, in our progress toward a resumption of work we require two safeguards against a return of the evils of the old order: there must be a strict supervision of all banking and credits and investments, so that there will be an end to speculation with other people's money; and there must be provision for an adequate but sound currency.

These are the lines of attack. I shall presently urge upon a new Congress, in special session, detailed measures for their fulfillment, and I shall seek the immediate assistance of the several States.

Through this program of action we address ourselves to putting our own national house in order and making income bal-

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ance outgo. Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy. I favor as a practical policy the putting of first things first. I shall spare no effort to restore world trade by international economic readjustment, but the emergency at home cannot wait on that accomplishment.

The basic thought that guides these specific means of national recovery is not narrowly nationalistic. It is the insistence, as a first consideration, upon the interdependence of the various elements in and parts of the United States—a recognition of the old and permanently important manifestation of the American spirit of the pioneer. It is the way to recovery. It is the immediate way. It is the strongest assurance that the recovery will endure.

In the field of world policy I would dedicate this Nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others—the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors.

If I read the temper of our people correctly, we now realize as we have never realized before our interdependence on each other; that we cannot merely take but we must give as well; that if we are to go forward, we must move as a trained and loyal army willing to sacrifice for the good of a common discipline, because without such discipline no progress is made, no leadership becomes effective. We are, I know, ready and willing to submit our lives and property to such discipline, because it makes possible a leadership which aims at a larger good. [This I propose to offer, pledging that the larger purposes will bind upon us all as a sacred obligation with a unity of duty hitherto evoked only in time of armed strife.

With this pledge taken, I assume unhesitatingly the leadership of this great army of our people dedicated to a disciplined attack upon our common problems.

Action in this image and to this end is feasible under the form of government which we have inherited from our ancestors. Our

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Constitution is so simple and practical that it is possible always to meet extraordinary needs by changes in emphasis and arrangement without loss of essential form. That is why our constitutional system has proved itself the most superbly enduring political mechanism the modern world has produced. It has met every stress of vast expansion of territory, of foreign wars, of bitter internal strife, of world relations.

It is to be hoped that the normal balance of Executive and legislative authority may be wholly adequate to meet the unprecedented task before us. But it may be that an unprecedented demand and need for undelayed action may call for temporary departure from that normal balance of public procedure.

I am prepared under my constitutional duty to recommend the measures that a stricken Nation in the midst of a stricken world may require. These measures, or such other measures as the Congress may build out of its experience and wisdom, I shall seek, within my constitutional authority, to bring to speedy adoption.

But in the event that the Congress shall fail to take one of these two courses, and in the event that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis—broad Executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe.

For the trust reposed in me I will return the courage and the devotion that befit the time. I can do no less.

We face the arduous days that lie before us in the warm courage of national unity; with the clear consciousness of seeking old and precious moral values; with the clean satisfaction that comes from the stern performance of duty by old and young alike. We aim at the assurance of a rounded and permanent national life.

We do not distrust the future of essential democracy. The people of the United States have not failed. In their need they have registered a mandate that they want direct, vigorous action. They have asked for discipline and direction under leadership.

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They have made me the present instrument of their wishes. In the spirit of the gift I take it.

In this dedication of a Nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come.

NOTE: Those who lived through the months immediately preceding March, 1933, do not require a description of the desperate condition into which the American economy had fallen since the crash of 1929. In the succeeding pages I have endeavored to enumerate, in the form of notes to the various printed public papers, the different steps taken by my Administration to correct or ameliorate the desperate condition of agriculture, industry, finance and labor which had resulted from four years of depression.

By Inauguration Day, 1933, the banks of the United States were all closed, financial transactions had ceased, business and industry had sunk to their lowest levels. The widespread unemployment which accompanied the collapse had created a general feeling of utter helplessness. I sought principally in the foregoing Inaugural Address to banish, so far as possible, the fear of the present and of the future which

held the American people and the American spirit in its grasp.

For many months the people had looked to Government to help, but Government had looked away. I promised a program of action: first, to put people to work; and second, to correct the abuses in many fields of human endeavor which had in great measure contributed to the crisis. I promised action immediately, stating that if necessary I would ask for and would use all the war powers of the Executive to wage war against the emergency.

We kept our promise that we would act at once. By our action, we started to dissipate the fear and panic which had laid a paralyzing hand upon the finances, the business, the industry and the agriculture of the Nation.

The first thing I did was to call the Congress into extraordinary session, by the following Proclamation.

[CONVENING THE CONGRESS IN EXTRA SESSION]

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

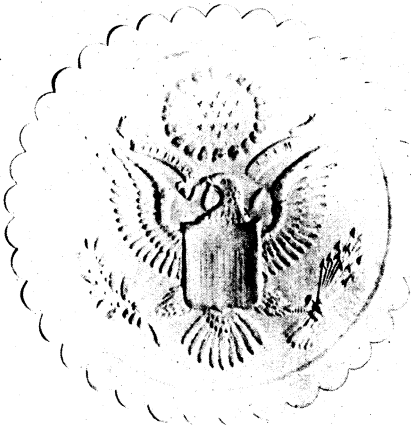
A PROCLAMATION

WHEREAS public interests require that the Congress of the United States should be convened in extra session at twelve o'clock, noon, on the Ninth day of March, 1933, to receive such communication as may be made by the Executive;

Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene in extra session at the Capitol in the City of Washington on the Ninth day of March, 1933, at twelve o'clock, noon, of which all persons who shall at that time be entitled to act as members thereof are hereby required to take notice.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the great seal of the United States.

Done at the City of Washington this Fifth day of March, in the year of our Lord One Thousand Nine Hundred and Thirty-three, and of the Independence of the United States the One Hundred and Fifty-seventh.



Franklin D. Roosevelt

By the President:

Cordell Hull

Secretary of State.

2 ¶ The President Calls the Congress into
Extraordinary Session. Proclamation No. 2038.
March 5, 1933

WHEREAS public interests require that the Congress of the United States should be convened in extra session at twelve o'clock, noon, on the Ninth day of March, 1933, to receive such communication as may be made by the Executive;

Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene in extra session at the Capitol in the City of Washington on the Ninth day of March, 1933, at twelve o'clock, noon, of which all persons who shall at that time be entitled to act as members thereof are hereby required to take notice.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the great seal of the United States.

3 ¶ A Radio Invitation to All Veterans for Co-
operation. March 5, 1933

I AM glad that this, the first word addressed by me to the people of the country, can be dedicated to the great ideals of sacrifice and service. The men of the Legion and indeed all veterans, and all good citizens know that the essential things of life are related intimately to those two great words. The men of the ranks of the Legion in the trying days of fifteen years ago offered for the welfare and preservation of our country the ultimate contribution that a human can give. The deep necessities of peace are no less serious. It is a mistake to assume that the virtues of war differ essentially from the virtues of peace. All life is a battle against the forces of nature, against the mistakes and human limitations of man, against the forces of selfishness and inertia, of laziness and fear. These are enemies with whom we never conclude an

The Governors' Conference at the White House

armistice. To the end that the efforts I am giving in these first days of my Administration may be crowned with success and that we may achieve a lasting restoration of national well-being, I invite the support of the men of the Legion and of all men and women who love their country, who know the meaning of sacrifice and who in every emergency have given splendid and generous service to the Nation.

4 ¶ Address before the Governors' Conference at the White House. March 6, 1933

I HAVE been so occupied since noon on Saturday that I have not had a chance to prepare any formal remarks. I start off by saying to the Governors and their representatives that as a Governor myself for the past four years I am on somewhat intimate terms with the duties of Governors and also with the rights and duties of States. The country needs cooperation between the States and the Federal Government. I think this has been well demonstrated by the events of the past forty-eight hours.

The States acted with remarkable promptitude in preventing a panic at a time when it might well have developed. The situation, however, did get to the point yesterday where some kind of uniform action seemed necessary, and as you know resulted in two things: the calling of a Special Session of Congress for Thursday, and a proclamation to take care of the immediate emergency between now and Thursday.

In that proclamation there were four or five main objectives. The first one was to prevent the withdrawal of any further gold and currency. The old War Statute of 1917 had not been repealed and we used it. It was an exceedingly useful instrument. The second objective was to provide some form of circulating medium for the country in addition to the outstanding currency, because a large part had been put into hiding. I have confidence the public will accept that circulating medium.

We should provide some method by which banking can go on

The Governors' Conference at the White House

with new cash coming in. It is proposed through the Treasury Department that every bank will be authorized to open new accounts, and that the money deposited in the new accounts can be withdrawn at any time. The only way in which that money can be kept absolutely safe beyond peradventure of doubt is by using methods to keep it safe—first, keeping the money in cash the way it is put in; second, depositing it in the Federal Reserve Bank; and third, purchasing Government bonds with it.

Recognized Government bonds are as safe as Government currency. They have the same credit back of them. And, therefore, if we can persuade people all through the country, when their salary checks come in, to deposit them in new accounts, which will be held in trust and kept in one of the new forms I have mentioned, we shall have made progress.

All I can say is, I am very grateful for what the States have done in this emergency. We want if possible to have a general banking situation, that is to say, one covering national banks and State banks, as uniform as possible throughout the country. At the same time we want to cooperate with all of the States in bringing about that uniformity. I have no desire to have this matter centralized down here in Washington any more than we can help. I don't believe there is much more to say about banking.

The letter that I sent to you took up several matters: First, there is the conflicting taxation between Federal and State Governments. Every one of you has been seeking methods to find new sources of taxation. It has been natural and human to expect that the Federal Government also should try to find some method of raising revenue.

A second question relates to Federal aid in unemployment relief. The Federal Government, of course, does have to prevent anybody from starving, but the Federal Government should not be called upon to exercise that duty until other agencies fail. The primary duty is that of the locality, the city, county, town. If they fail and cannot raise enough to meet the needs, the next responsibility is on the States and they have to do all they can.

The Governors' Conference at the White House

If it is proven that they cannot do any more and the funds are still insufficient, it is the duty of the Federal Government to step in.

We come to the question of coordinating work. It is very difficult to know in the Federal Government what States are doing well for unemployment relief and what States are not, and it is my thought that I can create some kind of central relief agency which will be a fact-finding body, which will coordinate the work of States, and act as a clearing house for the relief of the Nation. I hope to get that set up in the next two or three weeks.

The third proposition is the reorganization and consolidation of local government to reduce the taxation cost. That is your problem and it has been my problem for the past four years.

And there is the question of mortgage foreclosures especially on farm land and on small homes. There again we have no national policy. Some of the States are doing it one way and other States are doing it another way. Some States and some localities are closing their eyes to existing laws and do not have any foreclosures. As yet we have no national policy for it, but I believe we can have one.

NOTE: I had had the opportunity of becoming acquainted with most of the Governors of the United States during the previous four years while I was Governor of New York, particularly at the various Governors' Conferences which I attended regularly during that period.

About a month before my Inauguration I had invited the Governors of all the States, most of whom expected to attend the Inauguration in Washington, to confer with me and with each other at the White House on Monday, March 6th, to discuss several problems which would require coopera-

tion between the Federal and State Governments. When I invited them, it was my intention to spend the entire day of March 6th going over with them various matters of common interest which required common attention.

Subsequent events, however, including the banking crisis, compelled me to change that plan. There simply was not enough time in which to do all the things which had to be done. Events were happening so quickly, in fact, that it was impossible for me even to prepare a speech in advance, to deliver to the Governors' Conference. There was only time for me to go

A Pledge of Support to the President

to the East Room of the White House, where the conference was in progress, and speak extemporaneously.

There were twenty-five Governors present and representatives of twelve others.

In response to my request for help

and cooperation, the Governors' Conference passed the following resolutions. These resolutions are printed to show the united spirit of cooperation which the Governors "without regard to political affiliations" displayed in the hour of the country's need.

5 ¶ A Pledge of Support to the President by the Governors' Conference. March 6, 1933

IN THIS anxious hour of a national emergency in our banking and economic life a heavy responsibility rests on our President to lead us out of our difficulties. He is ready to lead if we are ready to follow. He needs the united support of all our people in carrying out his plans.

Without regard to our political affiliations we Governors and representatives of Governors of States, met in conference in the City of Washington, March 6, 1933, hereby express our confidence and faith in our President and urge the Congress and all the people of our united country to cooperate with him in such action as he shall find necessary or desirable in restoring banking and economic stability.

B. M. Miller, Alabama
A. G. Schmedeman, Wisconsin
Ruby Laffoon, Kentucky
Clyde L. Herring, Iowa
Edwin C. Johnson, Colorado
by John T. Barnett
David Sholtz, Florida
Clarence D. Martin, Washington
by Frank T. Bell
Samuel Conner, Mississippi
Miriam Ferguson, Texas
by Mrs. J. E. King
Louis J. Brann, Maine

J. M. Futrell, Arkansas
by C. G. Smith
Floyd B. Olsen, Minnesota
by John R. Foley
William H. Murray, Oklahoma
by G. B. A. Robertson
Paul V. McNutt, Indiana
J. C. B. Ehringhaus, North Carolina
Hill McAlister, Tennessee
Theodore F. Green, Rhode Island
B. B. Moeur, Arizona
by Mrs. J. C. Greenway

Letter to the Governors' Conference

John G. Winant, New Hampshire	Arthur Seligman, New Mexico
I. C. Blackwood, South Carolina	by O. C. Wood
O. K. Allen, Louisiana	C. Ben Ross, Idaho
Gifford Pinchot, Pennsylvania	Fred B. Balzar, Nevada
H. G. Kump, West Virginia	by Cecil W. Creel
L. A. Miller, Wyoming	John Garland Pollard, Virginia
John E. Erickson, Montana	C. D. Buck, Delaware
by J. A. Lovelace	George White, Ohio

6 ¶ A Letter to the Governors' Conference by a
Committee of Citizens Urging Support of the
President. March 6, 1933

WE THE undersigned have cast aside politics and group and sectional interest in a spirit of cooperation with the President, and we believe that this same spirit animates our whole people. Beyond that we are convinced that there is throughout the Nation a spontaneous spiritual uprising of confidence and hope in our chosen leader. The nature of our national crisis calls for an expression of this confidence in the combined voice of the people to show that they are behind him, alert and vocal and united in heart.

Prompt and decisive action of a national scope, and in several directions, is necessary to prevent economic collapse throughout the land. The ordinary operations of government that prevail and are suitable in time of prosperity with normal conditions, may be too slow to meet adequately this emergency and avoid the danger of this economic avalanche carrying all before it.

We, a Coalition Committee of different groups and political and religious faiths, respectfully request that you join the other Governors of our country in the issuance of a Proclamation, on Wednesday, March 8, 1933, in support of the President of the United States and our institutions, thus enabling the whole people to declare in unison their confidence and faith in our President. This would constitute the people's appeal to the patriotism of Congress which we know they possess, in common with all, to cooperate with the President in taking such action as will guarantee economic stability, re-

The Support Is Given

store confidence and thereby relieve unemployment and widespread distress.

Rear Admiral Richard E. Byrd	Alfred E. Smith
William Green, President, American Federation of Labor	Newton D. Baker
Louis J. Taber, Master of The National Grange	Dr. Nicholas Murray Butler, President, Columbia University
Edward A. O'Neal, President, American Farm Bureau Federation	H. G. Harriman, President, United States Chamber of Commerce
His Eminence George Cardinal Mundelein	Daniel Willard, President, Baltimore & Ohio R. R.
Dr. Harry Emerson Fosdick	Walter Lippmann, Publicist
Rabbi Stephen Wise	

NOTE: The foregoing letter from various citizens is printed, together with the response of the Governors, printed as the next item, to show how widespread was the feeling that united effort and complete cooperation of all groups and parties were necessary to meet the emergency.

7 ¶ The Support Is Given; Resolutions Passed at the Governors' Conference. March 6, 1933

RESOLUTION PROPOSED BY GOVERNOR PINCHOT

WE, THE GOVERNORS of the States of the Union, assembled in conference at the White House by the President to discuss with him and each other matters of vital consequence to the people of this Nation, do hereby express our warm appreciation of the confidence, the desire to cooperate, and the alertness to the needs of our people which the President has signified by calling us here.

We welcome this opportunity to plan and work together for the common good.

RESOLUTION PROPOSED BY GOVERNOR WHITE

RESOLVED, That we look approvingly upon the President's plan for better land utilization, as presented to us this morning, not only as

President Proclaims a Bank Holiday

a measure for the conservation of the Nation's natural resources but also as an effective step toward the relief of unemployment; and that we severally pledge ourselves to use our best efforts to ascertain, through proper surveys, the acreage that might be made available for such a program in our respective States.

RESOLUTION PROPOSED BY GOVERNOR EHRLINGHAUS

THAT this Conference desires to express its confidence in the leadership of the President and its desire that he be granted immediately by the Congress such broad powers as may be necessary to enable the Executive to meet the present challenging emergency and we, as Governors of the several States here assembled, hereby pledge to him our wholehearted and sincere cooperation and support in his efforts to rehabilitate the Nation and end the present terrible depression.

RESOLUTION PROPOSED BY GOVERNOR COMSTOCK

THAT this Conference endorse the substitution of work-relief for direct relief as expeditiously as possible.

That the Federal Government finance State work-relief programs under State administration.

8 ¶ The President Proclaims a Bank Holiday. Gold and Silver Exports and Foreign Exchange Transactions Prohibited. Proclamation No. 2039. March 6, 1933

WHEREAS there have been heavy and unwarranted withdrawals of gold and currency from our banking institutions for the purpose of hoarding; and

WHEREAS continuous and increasingly extensive speculative activity abroad in foreign exchange has resulted in severe drains on the Nation's stocks of gold; and

WHEREAS those conditions have created a national emergency; and

WHEREAS it is in the best interests of all bank depositors that

President Proclaims a Bank Holiday

a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange and permitting the application of appropriate measures to protect the interests of our people; and

WHEREAS it is provided in Section 5 (b) of the Act of October 6, 1917 (40 Stat. L. 411), as amended, "That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarkings of gold or silver coin or bullion or currency . . ."; and

WHEREAS it is provided in Section 16 of the said Act "That whoever shall willfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both . . .";

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such national emergency and by virtue of the authority vested in me by said Act and in order to prevent the export, hoarding, or earmarking of gold or silver coin or bullion or currency, do hereby proclaim, order, direct and declare that from Monday, the Sixth day of March, to Thursday, the Ninth day of March, Nineteen Hundred and Thirty-three, both dates inclusive, there shall be maintained and observed by all banking institutions and all branches thereof located in the United States of America, including the territories and insular possessions, a bank holiday, and that during said period all banking transactions shall be suspended. During such holiday, excepting as hereinafter provided, no such banking institution or branch shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by any device whatsoever, of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof;

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nor shall any such banking institution or branch pay out deposits, make loans or discounts, deal in foreign exchange, transfer credits from the United States to any place abroad, or transact any other banking business whatsoever.

During such holiday, the Secretary of the Treasury, with the approval of the President and under such regulations as he may prescribe, is authorized and empowered (a) to permit any or all of such banking institutions to perform any or all of the usual banking functions, (b) to direct, require or permit the issuance of clearing house certificates or other evidences of claims against assets of banking institutions, and (c) to authorize and direct the creation in such banking institutions of special trust accounts for the receipt of new deposits which shall be subject to withdrawal on demand without any restriction or limitation and shall be kept separately in cash or on deposit in Federal Reserve Banks or invested in obligations of the United States.

As used in this order the term "banking institutions" shall include all Federal Reserve Banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons, engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

NOTE: Although this Proclamation was actually the second one issued, it was already prepared and ready for signature before the first Proclamation which called the Congress into extraordinary session. Because of the banking crisis, it had been prepared on March 5th, after continuous conference extending over several days between Secretary of the Treasury Woodin, Attorney General Cummings, the outgoing officials of the Treasury Department, and myself.

For nearly two months prior to my Inauguration I had discussed with a number of people the gloomy banking situation toward which the country had been drifting for some time. In order to meet it successfully, it was necessary to discover some constitutional method of obtaining jurisdiction over the entire banking system of the Nation—including not only the banks which were members of the Federal Reserve System but also the State non-member banks.

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The bank holiday declared by the foregoing Proclamation was, in the absence of prior action, the almost inevitable result of the years of industrial and agricultural depression since 1929 which had weakened and were in the process of destroying the solvency of the whole banking system of the United States.

Even before the actual stock market crash of 1929, many banks throughout the country had suspended operations. The number of suspensions and closings after 1929 increased very greatly. During the years 1930 to March 3, 1933, inclusive, a total of 5,504 banks had closed their doors to the public. These banks had a total of deposits of \$3,432,000,000.

The crisis was being intensified by an ever-increasing wave of withdrawal and hoarding of gold. This became more and more marked during the two months immediately before Inauguration. From February 1, 1933, to March 4, 1933, the money in circulation increased by \$1,830,000,000, of which \$1,430,000,000 was in Federal Reserve notes, and \$320,000,000 was in gold and gold certificates. At the same time \$300,000,000 of gold was withdrawn and earmarked for foreign account. More than two-thirds of these withdrawals from bank deposits were concentrated in the week ending March 4th.

This situation was indicative of the fear, bordering on panic, which had seized the people of the Nation as the depression deepened, as un-

employment increased, and as the Government remained stagnant in the face of impending disaster. In the absence of any governmental action to assist in the general unemployment situation and in the industrial and agricultural crisis, people began to fear for their savings in banks and were withdrawing large amounts in the form of currency and gold, and putting the money in various places of hiding. No action was forthcoming from Washington to stem this tide or to do anything to meet the impending disaster.

In different States, the State Governments were trying to do something to help. Even as early as February 4, 1933, it was necessary for Louisiana to declare a one-day bank holiday. Michigan followed on February 14th with a four-day holiday, which was later extended. On February 25th Maryland declared a holiday, which was followed by restrictions on bank-deposit withdrawals in Indiana, Arkansas and Ohio. On March 1st, four States declared holidays; on March 2nd, six; on March 3rd, seven. On March 4th, which was a Saturday, the State of New York declared a holiday for that day and the succeeding Monday. Illinois, Massachusetts, New Jersey, Pennsylvania and others took similar action.

By Inauguration Day practically every bank in the country had either been closed or placed under restrictions by State Proclamations. Federal Reserve banks observed the

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State holidays, and were also closed on March 4th. All the leading exchanges ceased operations. It can be said that financial and banking business in the United States had stopped.

I had come to the conclusion, after consultation with Senator Thomas J. Walsh, who had been slated to be the Attorney General in the new Cabinet, until the date of his death on March 2, 1933, that the "Trading with the Enemy Act" of October 6, 1917, as amended September 24, 1918, was still in effect. This Act gave the President power to regulate or prohibit transactions in foreign exchange and in gold and silver, and also to prohibit the hoarding of gold, silver coin, bullion, and paper currency. I determined to use this power to close all the banks in order to prevent complete chaos on the Monday following Inauguration Day, which was a Saturday.

I accordingly issued the foregoing Proclamation at one o'clock in the morning of March 6th, declaring a national bank holiday, to be continued through the four days ending Thursday, March 9th, which day was the date set for the convening of Congress in extraordinary session, pursuant to my Proclamation of March 5th.

The purpose of closing all the banks at this time was fourfold. First, to prevent continued runs on banks which would enable one depositor to obtain an unfair advantage over another. Second, to per-

mit the reopening of all sound banks in an orderly manner. Third, to keep closed the many banks which were insolvent and to permit their liquidation in a just and orderly fashion. Fourth, to permit a resumption of banking under circumstances which would instil confidence in the people as to the solvency of their banking system.

As soon as Congress met on March 9th, pursuant to my Proclamation, in extraordinary session, I sent to them a message printed as Item 10, this volume.

In the meantime, between March 6th and March 9th, we were busy drafting this legislation in conference with the Congressional leaders, and also devoting ourselves to devising arrangements to permit the banks to meet certain essential payments during the banking holiday.

The Secretary of the Treasury issued a series of regulations, and distributed them through the Federal Reserve banks, permitting specific types of banking transactions. He also issued a number of statements interpreting these regulations. For example, some of the more important Treasury regulations permitted banks to make change, to complete settlements not involving payments of currency, to allow access to safe-deposit boxes, to deliver documents held for safe-keeping, to transact certain fiduciary business. Banks were also permitted to perform certain functions required to provide the community with food, medicine and other ne-

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cessities of life, to relieve distress, and to pay usual salaries and wages; and banks were authorized to accept special trust deposits withdrawable on demand—but all of these regulations prohibited any bank from paying out gold or gold certificates or permitting any withdrawals of currency for hoarding purposes.

The Secretary of the Treasury also issued, on March 6th, instructions to the Treasurer of the United States and to the Director of the Mint prohibiting payments in gold or gold certificates out of the Treasury except pursuant to license issued by the Secretary.

One of the most striking things in the course of the preceding months was the demand for gold for domestic hoarding. Wherever possible, depositors were asking for their money in gold so that it might be stored away as an asset no matter what was to happen to the currency system as a whole. Accordingly, we determined that it was essential during the banking holiday to get as much of this gold back into the banks as possible. Therefore, on March 8th, the Federal Reserve Board asked the Federal Reserve banks to prepare for it lists of persons who had recently withdrawn gold or gold certificates, and who had not redeposited them in a bank by March 13, 1933 (which date was subsequently extended). This request was given wide publicity. The possible publication of the names of

these gold hoarders and the general recognition by the public of the necessity of restoring the country's gold reserves and the gradual renewal of general confidence resulted in a rapid return of gold and gold certificates to the Reserve banks and the Treasury.

During this banking holiday it was at first believed that some form of scrip or emergency currency would be necessary for the conduct of ordinary business. We knew that it would be essential when the banks reopened to have an adequate supply of currency to meet all possible demands of depositors. Consideration was given by Government officials and various local agencies to the advisability of issuing clearing-house certificates or some similar form of local emergency currencies. On March 7, 1933, the Secretary of the Treasury issued a regulation authorizing clearing houses to issue demand certificates against sound assets of banking institutions, but this authority was not to become effective until March 10th. In many cities the printing of these certificates was actually begun, but after the passage of the Emergency Banking Act of March 9, 1933 (48 Stat. 1), it became evident that they would not be needed, because the Act made possible the issue of the necessary amount of emergency currency in the form of Federal Reserve banknotes which could be based on any sound assets owned by banks.

9 ¶ The First Press Conference. March 8, 1933

(Procedure for press conferences—Emergency legislative program—Gold standard—Adequate but sound currency—Guarantee of bank deposits.)

THE PRESIDENT: It is very good to see you all. My hope is that these conferences are going to be merely enlarged editions of the kind of very delightful family conferences I have been holding in Albany for the last four years.

I am told that what I am about to do will become impossible, but I am going to try it. We are not going to have any more written questions; and, of course, while I cannot answer seventy-five or a hundred questions because I simply haven't got the time, I see no reason why I should not talk to you ladies and gentlemen off the record in just the way I have been doing in Albany and in the way I used to do in the Navy Department down here. Quite a number of you, I am glad to see, date back to the days of the previous existence which I led in Washington.

And so I think we shall discontinue the practice of compelling the submitting of questions in writing before the conference in order to get an answer. There will be a great many questions, of course, that I won't answer, either because they are "if" questions—and I never answer them—and Brother Stephenson will tell you what an "if" question is—

MR. STEPHENSON (*Reporter*): I ask forty of them a day.

THE PRESIDENT: And the others, of course, are the questions which for various reasons I do not want to discuss, or I am not ready to discuss, or I do not know anything about. There will be a great many questions you will ask that I do not know enough about to answer.

Then, in regard to news announcements, Steve (Early, Assistant Secretary to the President) and I thought that it would be best that straight news for use from this office should always be without direct quotations. In other words, I do not

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want to be directly quoted, unless direct quotations are given out by Steve in writing. That makes that perfectly clear.

Then there are two other matters we will talk about: The first is "background information," which means material which can be used by all of you on your own authority and responsibility, not to be attributed to the White House, because I do not want to have to revive the Ananias Club. (*Laughter*)

Then the second thing is the "off the record" information which means, of course, confidential information which is given only to those who attend the conference. Now there is one thing I want to say right now about which I think you will go along with me. I want to ask you not to repeat this "off the record" confidential information either to your own editors or to your associates who are not here; because there is always the danger that, while you people may not violate the rule, somebody may forget to say, "This is off the record and confidential," and the other party may use it in a story. That is to say, it is not to be used and not to be told to those fellows who happen not to come around to the conference. In other words, it is only for those present.

Now, as to news, I don't think there is any. (*Laughter*)

Steve reminds me that I have just signed the application for Associate Membership in the Press Club, which I am very happy to do.

Q. Will you go to Congress or send your message?

THE PRESIDENT: Send it.

Q. When will it be available here for us?

THE PRESIDENT: Judging by the fact that I haven't started to write it, I should say at the very last minute possible. I shall let you have it as soon as I can. Of course it will be for release when transmitted. I doubt very much if you will get it very much more than half an hour before it is taken to the Capitol.

Q. Will it be brief?

THE PRESIDENT: The situation demands brevity.

Q. On the Hill they say you only recommend emergency stuff,

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and that Congress will possibly adjourn next Monday or earlier and reconvene a short time after, and take up permanent stuff as well as your complete program. Is that your idea of it?

THE PRESIDENT: I think I can put it this way—and this comes under the second category, “background information” and “not off the record,” because there is no reason why you should not use it in writing your stories. The general thought at the present time is that it is absolutely impossible by tomorrow to draft any complete or permanent legislation either on banking, or on budget balancing, or on anything else, because the situation, as you all know, is changing very much from day to day, so much so that if I were to ask for any specific and detailed legislation it might be that the details will have to be changed by a week from today. Therefore it is necessary—I think you can make a pretty good guess—that I shall have to ask for fairly broad powers in regard to banking—such powers as would make it possible to meet the changing situation from day to day in different parts of the country. We cannot write a permanent banking act for the Nation in three days. That is about the size of it.

Q. Do you favor national scrip or scrip issued by clearing houses?

THE PRESIDENT: Well, there again you are getting down to details and a very good illustration of why you cannot ask for too detailed legislation. About Monday, the day before yesterday, a very, very wide use of scrip seemed necessary; and by last night it looked possible to avoid such a general use of scrip. But it does not mean that scrip will be eliminated by any means. Scrip may be used in many localities, pending the working out of a sounder plan and more permanent plan to get additional currency into use. Now, I can't tell you any more about that, because we are still working on the details, but essentially it means an addition to the available currency. . . .

Q. You mentioned in your greetings to the Governors on Mon-

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day that you favored a unified banking system. Is that in your emergency plan?

THE PRESIDENT: That wasn't quite the way I put it to them. What I said to them was that it was necessary to treat the State and national banks the same way in this emergency, so there would not be two different classes of banks in this country; and the other thing I said was to try to avoid forty-eight different plans of putting this into effect.

Q. Do I understand you are going to keep hold of this banking situation until permanent legislation is enacted?

THE PRESIDENT: Off the record answer, yes.

Q. Your idea is that after getting through the emergency you may get a breathing spell until the permanent program is in form.

THE PRESIDENT: Yes, I was coming to that. This is what might be called the "present thought" because everything is subject to change these days within twenty-four or even twelve hours. The general thought is that we would try to get through the two or three emergency matters as quickly as possible, and that then — and, mind you, I haven't even talked to the Congressional leaders about this, so there is no agreement on it — Congress should recess for I don't know how long a time but not for very long — for a matter of two or three weeks — to enable me to work out and draft more permanent legislation. . . .

Q. What is going to happen after Thursday night, Mr. President, when the holiday ends? Are you going to call another one?

THE PRESIDENT: That depends on how fast things move.

Q. Depending on what Congress does too?

THE PRESIDENT: (*Nods*) Of course, in regard to certain phases of the financial situation, undoubtedly there will be necessary some additional proclamations. That includes, for example, the question of control of gold. That is obvious. As long as nobody asks me whether we are off the gold standard or gold basis, that is all right, because nobody knows what the gold

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basis or gold standard really is. If you want a definition of the gold standard, read my friend Robey's story in the *New York Evening Post* of last night. I think it is about as good a definition as there is. It is quite short and if you would like to hear it, I will read it to you. It is a pretty good document.

AUDIENCE: If it really tells us what the gold standard is —

THE PRESIDENT: It is pretty good. It doesn't say whether we are on or off it. (*Reading*)

"Declaration of the national moratorium has raised the question in many minds as to what constitutes a gold standard. More specifically many people have wondered whether the United States by this action has suspended the gold standard in a true sense. The Treasury officials and some of the bankers maintain that we have not. Obviously, the answer to the question rests upon one's conception of what it is necessary for a country to do in order to maintain a metal standard.

"This is a problem which can be answered with definiteness. Over a long period four things have come to be recognized as requisites of a gold standard. When a country is complying with these it is on the standard. When it does not it is off the standard.

"The first of these requisites is that there shall be a coin of definite weight and fineness. This, of course, is established by law. In the United States the standard unit is the dollar, consisting of 25.8 grains, 9-10 fine, or 23.22 grains of pure gold."

Well, of course on that first requisite we are on the gold standard.

"The second requisite is that there be free and unlimited coinage. In a country upon a gold standard one may take any amount of the metal to the Government and it will be coined into dollars of the established weight or rate. Whether a brassage charge is made is of no significance. Put in other words, this means that the Government will buy gold at a set price. In the United States this is about \$20.67 an ounce."

Well, we are still on the gold standard, and the more people who bring gold to have it made into money the better.

"The third requisite is that there be convertibility of paper money into gold. This, in a sense, is the reverse side of free and unlimited coinage. In other words, just as one can take any amount of gold metal to the mint and get money in return at a definite rate, so he

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can take any amount of currency and get gold at a definite rate. In the United States we have seven kinds of paper money, some of which are not directly redeemable in gold according to the law but all of which under the gold standard act of 1900 must be kept at a par with gold."

Well, you can draw your own conclusions as to that.

"The final requisite is that there must be free movement of gold. This is of significance in the exportation of gold. It is through the enjoyment of this freedom that the currency of one country is kept at an approximate equilibrium with the currency of other Nations. Only when there is not such freedom of import and export of gold does the currency of one country fall to any substantial discount in relation to another currency."

Well, of course on that question of the foreign trade in gold, for a good long time as a matter of actual fact the United States has been the only country on the gold standard. France has been theoretically on a gold standard, but nobody in France can take a bill to the bank and get gold for it; and, as far as imports and exports go in France, they have been Government-controlled. The same thing holds true in Switzerland and Holland. Only up to last Sunday night we have had free trade in gold; and now we haven't. . . .

Q. May I ask if the long-time settlement of the banking situation is intermeshed with the World Economic Conference?

THE PRESIDENT: I should say on that—background information—so far as banks go within the United States, no; so far as international exchange goes, yes. I think that is the easiest way of putting it. In other words, the opening of banks and the maintaining of banks once they are opened are not connected with the World Economic Conference.

Q. In your Inaugural Address, in which you only touched upon things, you said you are for sound and adequate . . .

THE PRESIDENT: I put it the other way around. I said "adequate but sound."

Q. Now that you have more time, can you define what that is?

THE PRESIDENT: No. (*Laughter.*) In other words—and I should

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call this "off the record" information — you cannot define the thing too closely one way or the other. On Friday afternoon last we undoubtedly did not have adequate currency. No question about that. There wasn't enough circulating money to go around.

Q. I believe that. (*Laughter.*)

THE PRESIDENT: We hope that when the banks reopen a great deal of the currency that was withdrawn for one purpose or another will find its way back. We have got to provide an adequate currency. Last Friday we would have had to provide it in the form of scrip, and probably some additional issues of Federal Bank notes. If things go along as we hope they will, the use of scrip can be very greatly curtailed, and the amounts of new Federal Bank issues, we hope, can be also limited to a very great extent. In other words, what you are coming to now really is a managed currency, the adequateness of which will depend on the conditions of the moment. It may expand one week and it may contract another week. That part is all off the record.

Q. Can we use that part — managed?

THE PRESIDENT: No, I think not. . . .

Q. Now you came down to adequacy; but you haven't defined what you think is sound. Don't you want to define that now?

THE PRESIDENT: I don't want to define "sound" now. In other words, in its essence — this is entirely off the record — in its essence we must not put the Government any further in debt because of failed banks. Now, the real mark of delineation between sound and unsound is when the Government starts to pay its bills by starting printing presses. That is about the size of it.

Q. Couldn't you take that out and give it to us? That's a very good thing at this time.

THE PRESIDENT: I don't think so. There may be some talk about it tomorrow.

Q. When you speak of a managed currency, do you speak of a temporary proposition or a permanent system?

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THE PRESIDENT: It ought to be part of the permanent system—that is off the record—it ought to be part of the permanent system, so we don't run into this thing again. . . .

Q. Can you tell us anything about guaranteeing of bank deposits?

THE PRESIDENT: I can tell you as to guaranteeing bank deposits my own views, and I think those of the old Administration. The general underlying thought behind the use of the word "guarantee" with respect to bank deposits is that you guarantee bad banks as well as good banks. The minute the Government starts to do that the Government runs into a probable loss. I will give you an example. Suppose there are three banks in town; one is 100 percent capable of working out, one 50 percent and another 10 percent. Now, if the Government assumes a 100 percent guarantee, it will lose 50 percent on one and 90 percent on the other. If it takes on a 50 percent guarantee, it will lose nothing on the first and second, but will lose a lot on the 10 percent solvent bank. Any form of general guarantee means a definite loss to the Government. The objective in the plan that we are working on can be best stated this way: There are undoubtedly some banks that are not going to pay one hundred cents on the dollar. We all know it is better to have that loss taken than to jeopardize the credit of the United States Government or to put the United States Government further in debt. Therefore, the one objective is going to be to keep the loss in the individual banks down to a minimum, endeavoring to get 100 percent on them. We do not wish to make the United States Government liable for the mistakes and errors of individual banks, and put a premium on unsound banking in the future.

Q. That is off the record?

THE PRESIDENT: Yes.

Q. Couldn't you make it background? There is a demand for the guarantee proposition.

THE PRESIDENT: As long as you don't write stories to give the average depositor the thought that his own particular bank isn't

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going to pay. That is what I want to avoid, because, when you come down to it, the great majority of banks are going to pay up. There will be many other banks which won't pay out the whole thing immediately, but will pay out 100 percent in time. There will be a very small number of banks that will probably have to go to the Examiner; but I don't want anybody to get the idea in reading the stories that the average bank isn't going to pay one hundred cents on the dollar, because the average bank is going to pay it. . . .

NOTE: I think it is generally conceded that the overwhelming number of newspapers in the United States, especially the larger papers, have been more or less critical of the New Deal policies in general and of my Administration in particular. This was true in the campaign of 1932, and even more true during the campaigns of 1934 and 1936—although all of these campaigns resulted in overwhelming popular endorsement of the aims, objectives and accomplishments of the New Deal.

I consider it an interesting fact that in spite of this array of editorial opposition, which apparently has been unable to exercise adequate influence upon public opinion in the United States, the great majority of newspaper correspondents who cover the White House are personally friendly to the Administration, and in general approve its objectives, most of its methods, and the legislation adopted to accomplish its goal. I know that a number of the newspaper correspondents who write so-called "unfriendly" articles

are not personally opposed to the things they write about. I think that the first part of this anomaly can be explained by the fact that many hostile newspaper owners require their Washington correspondents to give their news dispatches a critical or unfriendly touch; and the second part, by the fact that correspondents themselves have such intimate contact with the day-by-day administration of affairs and with the views of those who make policy, that they have come to approve the objectives and not to share personally the opposition displayed by their papers.

In this I am referring only to the writers of what are known as news stories. They are in a different class from columnists and writers of business news letters. In recent years the writings of these latter groups have found a ready market. In most cases their columns are based either on the pure imagination and invention of the writer or on untrue gossip which, of course, can be obtained almost for the asking to fit any objective. In many instances the so-

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called "news" is molded and fitted to supply what the writer or the "service" believes the subscribers desire to read. These pseudo-news sources do little real harm, however, for they entertain and amuse some of their readers, please others, and are generally appraised as having little value, so far as really affecting public opinion is concerned. With this general estimate, bona fide newspaper reporters and correspondents agree.

I have tried to see to it that at all times the press relation section of the Executive Offices should be helpful to all the members of the press, so that accurate knowledge may at all times be available to them, not only as to general policy but as to the details of administration. I have not tried to create a publicity bureau for the Administration or to "plant" stories on its behalf; but I have endeavored to set up an organization under a trained and experienced newspaper man, which would be helpful to the correspondents by furnishing a continuous supply of accurate information and which would at the same time prevent them from "getting out on a limb" with inaccurate stories which would later have to be repudiated.

From the beginning of my Administration the press relations of the White House have been under the direction of Stephen Early, who had been with the *Associated Press* and the *United Press Association* for many years, and who has been

most helpful and efficient in maintaining the type of press relationship which I have sought to achieve.

Secretary Early has been available at all times to answer questions from the press. He has also arranged to have a scheduled time each morning at which to meet members of the press for the purpose of giving them the White House background, or, in the parlance of the newspaper, the "White House slant" on the current news of the day. He has carefully avoided conveying to the press any confidential information; but he has been able to give the information necessary to keep the correspondents from printing inaccurate stories. The newspaper men themselves understand that there are times when some matters of the moment, particularly foreign or financial affairs, are of such a delicate character that they cannot, in the nature of things, be discussed by the official members of the White House staff.

I hold these press conferences generally twice a week, and have seldom missed one. In fact, there have been occasions when I have been confined to my room with a cold, and still have received a delegation of six or seven members of the press, so that they could relay any information to the rest of the waiting newspaper men in the lobby of the White House.

Three hundred and thirty-seven press conferences were held during my first term as President. These press conferences are rarely attended

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by fewer than a hundred members of the press, and frequently there have been more than two hundred present. They are held in my office when in Washington, or in my study at Hyde Park, N. Y., when I am there, or in my cottage at Warm Springs, Ga. When I am on a trip of inspection, or on a campaign, these conferences are held on the train. When I make trips by water, occasional conferences take place on board ship. On extended trips, only the press associations are usually represented.

I have abolished the rule of the former Administration of insisting upon written questions. The conferences are conducted informally, with all the members of the press standing in front of my desk, privileged to ask such questions as they wish. The questions and answers are taken down stenographically, but the transcripts are not ordinarily made public.

Only a comparative few have been included in these volumes; and in most cases only parts have been selected. Naturally, many questions

are asked which are repetitious of material printed in the text and notes of these Papers, or do not lead to any definite information, or do not concern matters of sufficient interest to warrant inclusion. Those questions and answers have been omitted.

Such transcripts as are included in these volumes, however, have already been made available to the press. Wherever possible, I have attempted in these conferences to answer questions directly. Frequently considerations of policy make it impossible to give publicity to matters which either are not completely formulated or are still the subject of negotiation.

In order to present a picture of the press conferences usually held in Washington, I am appending excerpts from an article entitled "President Meets the Press," by Mr. Theodore G. Joslin, who was formerly Secretary to President Hoover, in charge of press relations, which appeared in the *Sunday Star* of Washington, D. C., on March 4, 1934. See also Item 188, Vol. IV.

(Excerpts from an article by Theodore G. Joslin, formerly Secretary to President Hoover, in the *Sunday Star*, Washington, D. C., March 4, 1934.)

"A former President said some years ago, while experiencing strained relations with the Washington correspondents, that no Chief Executive could satisfy the press until long after he was dead and buried. His predecessors and successors have echoed from time to time, feelingly if privately, the sentiment he expressed.

"But he and they, if alive today, would at least qualify the statement,

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for Franklin D. Roosevelt has come nearer than any of them to meeting the expectations of the four hundred men and women who, in these times of stress, write half a million words a day to bring to our firesides news of developments at the seat of the Government. And, to complete the picture, these writers have functioned quite satisfactorily to the President.

"Of course, Mr. Roosevelt has rounded out only one year of his term of office. He still has three years to go. So long a period offers limitless possibilities. But the comradery between him and the press that has developed during the last twelve months augurs well for the future. It is especially significant when one considers that the White House today is more the center of news than it ever has been in history.

"With a regularity that is almost monotonous the Executive Offices have provided the setting for events that make the headlines streaming across the pages of the newspapers. Because it is the one best source for news, more writers, serious-minded journalists, and the garden variety of reporters alike gather there than at any time since the Fourth Estate became an adjunct of the Government.

"They assemble sometimes two hundred strong for the bi-weekly conference with the President, abidingly confident he will talk — the one thing any President must do to satisfy them. They foregather every day and several times a day with the press contact secretary, Stephen Early, who has discharged his exacting duties with extraordinary ability. They waylay the never-ending line of callers, quickly interviewing and as quickly transmitting to the world the news thus obtained.

"Equally expeditiously, the same news comes clacking back over the teletype into Mr. Early's office, an innovation of recent weeks that permits the President to keep tabs on what his callers are saying and what the writers are broadcasting to a news-conscious people. . . .

"They wait in the lobby for the signal to proceed into 'the presence.' The lobby where they congregate is hardly befitting the headquarters of the President of the most powerful Nation on earth. It has more the appearance of a third-rate hotel. The men stand in groups or lounge in the chairs and settees arranged around the bare wall. They talk, laugh, argue and read in an atmosphere heavy with smoke.

"Picture, if you will, such a setting on any conference day from the beginning of the depression down to date. Rumors, hints, whisperings have been handed about that 'something big is about to break.' The hour for the conference is close at hand — and edition time is too close for comfort. The impatient newspaper men mill about the lobby.

"The President sounds his buzzer. He is ready to receive the press. The secretary steps to the lobby, where the ever-faithful 'Pat' McKenna, vet-

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eran of many Administrations, is on duty. A whispered word and 'Pat' claps his hands twice—the signal over the years that the President is waiting for the press.

"There is a rush to the door. The surge into the President's office when important news is anticipated is more like the drive for unreserved bleacher seats at a World Series baseball game than a procession into the private office of the Nation's Chief Executive. The tide sweeps up against the President's desk. The President exchanges pleasantries with those nearest to him as the latecomers continue to crowd in.

"When all have assembled and there is a semblance of quiet, the President addresses the correspondents. Time was when the first inkling of his statement was the signal for one representative of each press association and sometimes the 'specials' to make a dash for the lobby, hopeful of being the first to reach his private telephone and thus get a 'scoop.' But this practice is no longer permitted.

"When the conference is completed the men make a break for the lobby. The greater the news importance of what the President has said, the more the rush for the telephones. It might seem that a gentleman's agreement could be reached whereby there would be no unseemly haste—but to the newspaper profession such an arrangement is impossible. Seconds, let alone minutes, are vital in this day of the keenest possible competition. Newspapers somewhere in the world are going to press every minute of the day and night. A few ticks of the clock may mean making or losing an edition somewhere.

"However careful the President may be in making his statement, with every word weighed for its true meaning—sometimes days are given to the preparation—the press has only seconds to flash its import to the world. Where the utmost care has been the prime requisite on the part of the Executive, limitless speed is the dominant requirement of the press, with the smallest fraction of time possibly determining success or failure. . . .

"Strange as it may seem, presidential press contacts have been made only in comparatively recent years. Prior to the second Cleveland Administration the correspondents got what news they could about the President and happenings at the Executive Mansion by talking with politicians and statesmen at the Capitol or at their hotels.

"But in 1895 the city editor of the *Washington Star* directed a cub reporter, the late William E. Price, 'to run up to the Executive Mansion and pick up some live news.' Little did that editor suspect what he was starting! . . .

"During the Cleveland and McKinley Administrations Price and his few colleagues stood outside the White House. But President Theodore

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Roosevelt issued orders that space be found near the entrance. This was the beginning of the press room of today, with its rows of desks and filing cabinets and batteries of typewriters and telephones, not to mention a radio and a table for cards and chess to while away the long hours while on the 'dog watch' at night waiting for some conference to break up.

"It was T. R., too, who first established personal relations with the press. Some of these contacts, not infrequently made while he was being shaved in the morning, were to his benefit, but occasionally, it must be admitted, they were to his sorrow. History will be made one of these days when these writers reveal certain instances which, because of their gravity, compelled the President to ask his newspaper confidants not to reveal him as the source of their information or he would 'catch hades.' ('Hades' is literary license; T. R. used a much stronger word.) But it was an unnecessary request, for newspaper men then, as now, do not divulge the name of their informants.

"Taft went T. R. one better by initiating the so-called town meetings, sitting down with the correspondents in the Cabinet room. These sessions, however, were held at irregular intervals. There was no thought then of bi-weekly meetings, one in the morning for afternoon newspaper men and one in the afternoon to give the morning writers an even break. . . .

"Wilson tried to make the press conferences regular affairs. He also honored the correspondents by receiving them in his private office. He got away to a magnificent start. But with the threat of American participation in the World War cooperation and confidence became necessary. On one historic occasion he assembled the writers in the East Room for a heart-to-heart talk, the most notable conversation any President ever had with the press. It has had a distinct bearing on press relations to this day.

"The purpose of this conference was to make for understanding, but it had only a measure of success. However, Wilson's intentions were the best. War threatened this country. He was trying to bulwark the Nation; he was seeking to establish a constructive relationship. He was an exponent of the open-door policy and he liked to talk with the press, but his personal inclinations had to give way before prime necessity when the United States became a participant in the hostilities. Secrecy became essential. So he closed the door and canceled the press conference, never to resume it. . . .

"President Harding, because he had been an editor, was expected to have no difficulty in 'handling' the press. But he learned, as have all Presidents, that newspaper men cannot be 'handled.' However, they were more

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inclined to give him the 'breaks' than any other President, with the possible exception of the two Roosevelts, not because he came from their ranks, but because of his lovable, human qualities.

"These qualities, however, did not save him from difficulties. Until his Administration, questions had been asked the President verbally. But one day he crossed wires with the Secretary of State over a question incident to the Washington Arms Conference, which was then in session. In consequence he was compelled to announce that thereafter all questions must be submitted in writing. This permitted him to study the subjects in advance. He also reserved the right to answer or ignore inquiries as he might choose, and the press was required to make no mention of those he passed over. . . .

"As Mr. Harding required written questions, so Mr. Coolidge insisted that he should be quoted only when he gave explicit permission. This made for immediate complications. The correspondents, particularly those representing press associations and Democratic newspapers, could not or would not use as their own what he said for background. How to take advantage of the information was a conundrum temporarily. But then the 'presidential spokesman' was quickly created.

"Many correspondents regard the Coolidge Administrations as presenting the highlight of presidential press relations prior to the advent of Franklin D. Roosevelt. Such assertions, however, show how a few years can dull memories. For time and again they protested against 'the pica-yune stuff' Mr. Coolidge gave out and complained that he was using his conference to circulate Administration propaganda. Some threatened to boycott his conferences. A few did remain away for a time, but the majority attended. The spot news and background were too valuable to miss. . . .

"Mr. Hoover hit upon the idea of dividing news into three categories. He would give out written statements for quotation; they would be so indicated. He would talk extemporaneously for news that could be attributed to official sources. Then also he would talk on subjects that could not be printed at all, but which would give the writers a good understanding of what was going on.

"The system did not work out, because of infractions. In consequence, especially in the latter part of his term, about all the news he issued was in the form of written statements for direct quotation.

"Nevertheless, Mr. Hoover established an all-time record for quantity production of presidential news. Of course, he gave out only what news he thought desirable to issue, rather than what the writers wanted. Likewise, he withheld information that he was not prepared to make public or regarded as inimical to the welfare of the country. His problem was

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comparable to that of Mr. Wilson. Grave national emergency in each instance was the cause of the resulting press irritations.

"The difference in the men whom we elect to the Presidency is exemplified by Mr. Hoover and Mr. Roosevelt. Mr. Hoover always had a smile for the press, but he often was restrained. Mr. Roosevelt will wisecrack any day. But the prime difference is in their attitude over the depression. Mr. Hoover kept his problems to himself. Mr. Roosevelt talks with amazing freedom. There have been times when he has said little of consequence, but he has talked — and remember, that is the one thing the press wants the President to do.

"Beginning with his first conference, he did away with the written questions, thus reverting to the pre-Harding system. He has seldom spoken for direct quotation. Most of the time he has functioned 'off the record.' However, he has been and is ace high with most of the corps. Of course there have been the inevitable infractions, but they have been very few."

10 ¶ Recommendation to the Congress for Legislation to Control Resumption of Banking.

March 9, 1933

To the Senate and House of Representatives:

ON MARCH 3 banking operations in the United States ceased. To review at this time the causes of this failure of our banking system is unnecessary. Suffice it to say that the Government has been compelled to step in for the protection of depositors and the business of the Nation.

Our first task is to reopen all sound banks. This is an essential preliminary to subsequent legislation directed against speculation with the funds of depositors and other violations of positions of trust.

In order that the first objective — the opening of banks for the resumption of business — may be accomplished, I ask of the Congress the immediate enactment of legislation giving to the Executive branch of the Government control over banks for the protection of depositors; authority forthwith to open such banks as have already been ascertained to be in sound condition and

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other such banks as rapidly as possible; and authority to reorganize and reopen such banks as may be found to require reorganization to put them on a sound basis.

I ask amendments to the Federal Reserve Act to provide for such additional currency, adequately secured, as it may become necessary to issue to meet all demands for currency and at the same time to achieve this end without increasing the unsecured indebtedness of the Government of the United States.

I cannot too strongly urge upon the Congress the clear necessity for immediate action. A continuation of the strangulation of banking facilities is unthinkable. The passage of the proposed legislation will end this condition and I trust within a short space of time will result in a resumption of business activities.

In addition, it is my belief that this legislation will not only lift immediately all unwarranted doubts and suspicions in regard to banks which are one hundred percent sound but will also mark the beginning of a new relationship between the banks and the people of this country.

The members of the new Congress will realize, I am confident, the grave responsibility which lies upon me and upon them.

In the short space of five days it is impossible for us to formulate completed measures to prevent the recurrence of the evils of the past. This does not and should not, however, justify any delay in accomplishing this first step.

At an early moment I shall request of the Congress two other measures which I regard as of immediate urgency. With action taken thereon we can proceed to the consideration of a rounded program of national restoration.

NOTE: The foregoing message was accompanied by the draft of a bill which had been the subject of a constant series of conferences since the closing of the banks. The actual draft, which was enacted into law by the Congress on the same day

as it was sent, March 9, 1933, was not completed until about one-half hour before the extraordinary session of the Congress convened. (Pub. No. 1, 73d Congress; 48 Stat. 1.)

The prompt cooperation and vigorous action of the Congress on

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this first day of the extraordinary session did much to restore the confidence of the people of the United States and to convince them that they had a Legislature and Executive anxious to work together in the emergency.

This Emergency Banking Act confirmed all of the emergency measures which had been taken by the President and the Secretary of the Treasury since March 4, 1933 (see Item 8, this volume); and also gave the President further emergency powers to control foreign exchange transactions, gold and currency movements, and banking transactions in general. It gave the Comptroller of the Currency power to appoint a conservator, when necessary, to conserve the assets of closed national banks without liquidation. It also authorized national banks to issue and sell their preferred stock to the Reconstruction Finance Corporation, a provision which permitted them to obtain funds without creating claims superior to the claims of their depositors, as was the case whenever they borrowed money from the Reconstruc-

tion Finance Corporation or elsewhere. See Item 139, this volume.

The Act also made it possible for any member bank to meet all demands for currency so long as it had sound assets, regardless of the technical eligibility of these assets under the former permanent law, by borrowing against these assets from the Federal Reserve banks.

On the previous Sunday, March 5th, when the Proclamation closing the banks was determined upon, it was obvious that we should strive to allow the banks to open just as soon as we could obtain reliable assurance of the solvency of each bank. To obtain this information throughout the United States would require at least a week. However, we thought it best to limit the first Proclamation to four days.

It was necessary, as we had expected, to issue a second proclamation at the expiration date of the first proclamation (March 9, 1933), extending the bank holiday indefinitely until further Proclamation. This was done by Proclamation No. 2040, which follows.

Extension of the Bank Holiday

11 ¶ The President Proclaims an Extension of the Bank Holiday. The Gold and Silver Embargo and the Prohibition on Foreign Exchange. Proclamation No. 2040. March 9, 1933

WHEREAS, on March 6, 1933, I, FRANKLIN D. ROOSEVELT, President of the United States of America, by Proclamation declared the existence of a national emergency and proclaimed a bank holiday extending from Monday the 6th day of March to Thursday the 9th day of March, 1933, both dates inclusive, in order to prevent the export, hoarding or earmarking of gold or silver coin, or bullion or currency, or speculation in foreign exchange; and

WHEREAS, under the Act of March 9, 1933, all Proclamations heretofore or hereafter issued by the President pursuant to the authority conferred by section 5 (b) of the Act of October 6, 1917, as amended, are approved and confirmed; and

WHEREAS, said national emergency still continues, and it is necessary to take further measures extending beyond March 9, 1933, in order to accomplish such purposes:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in view of such continuing national emergency and by virtue of the authority vested in me by Section 5 (b) of the Act of October 6, 1917 (40 Stat. L. 411), as amended by the Act of March 9, 1933, do hereby proclaim, order, direct and declare that all the terms and provisions of said Proclamation of March 6, 1933, and the regulations and orders issued thereunder are hereby continued in full force and effect until further proclamation by the President.

12 ¶ A Request to the Congress for Authority to Effect Drastic Economies in Government.

March 10, 1933

To the Senate and House of Representatives:

THE NATION is deeply gratified by the immediate response given yesterday by the Congress to the necessity for drastic action to restore and improve our banking system. A like necessity exists with respect to the finances of the Government itself which requires equally courageous, frank and prompt action.

For three long years the Federal Government has been on the road toward bankruptcy.

For the fiscal year 1931, the deficit was \$462,000,000.

For the fiscal year 1932, it was \$2,472,000,000.

For the fiscal year 1933, it will probably exceed \$1,200,000,000.

For the fiscal year 1934, based on the appropriation bills passed by the last Congress and the estimated revenues, the deficit will probably exceed \$1,000,000,000 unless immediate action is taken.

Thus we shall have piled up an accumulated deficit of \$5,000,000,000.

With the utmost seriousness I point out to the Congress the profound effect of this fact upon our national economy. It has contributed to the recent collapse of our banking structure. It has accentuated the stagnation of the economic life of our people. It has added to the ranks of the unemployed. Our Government's house is not in order and for many reasons no effective action has been taken to restore it to order.

Upon the unimpaired credit of the United States Government rest the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of our agricultural products and the availability of employment. The credit of the United States Government definitely affects those fundamental

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human values. It, therefore, becomes our first concern to make secure the foundation. National recovery depends upon it.

Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger.

It is too late for a leisurely approach to this problem. We must not wait to act several months hence. The emergency is accentuated by the necessity of meeting great refunding operations this spring.

We must move with a direct and resolute purpose now. The members of the Congress and I are pledged to immediate economy.

I am, therefore, assuming that you and I are in complete agreement as to the urgent necessity, and my constitutional duty is to advise you as to the methods for obtaining drastic retrenchment at this time.

I am not speaking to you in general terms. I am pointing out a definite road.

The last Congress enacted legislation relating to the reorganization and elimination of executive agencies, but the economies thus to be effected are small when viewed in the light of the great deficit for the next fiscal year. They will not meet the pressing needs of our credit situation. Provision for additional saving is essential, and therefore I am asking the Congress today for new legislation laying down broad principles for the granting of pensions and other veterans' benefits, and giving to the Executive the authority to prescribe the administrative details. We are unanimous in upholding the duty of the Government to care for those who suffer in its defense and for their widows and orphans. The application, however, of this great principle to large numbers of people involves complications so great that it is almost impossible to draw legislation with sufficient flexibility to provide substantial justice in varying situations. The proposed legislation states the principles and, limited by them, permits the Executive to draw the lines of differentiation necessary to justice.

In accord with the same purpose of substantial justice I re-

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quest also the enactment of legislation relating to the salaries of civil and military employees of the Government. This would repeal the existing furlough plan, substituting therefor a general principle and authorizing the Executive to make application of this principle. The proper legislative function is to fix the amount of expenditure, the means by which it is to be raised and the general principles under which the expenditures are to be made. The details of expenditure, particularly in view of the great present emergency, can be more wisely and equitably administered through the Executive. The flexibility of the measures which I am proposing is not only practical but proceeds along the road of constitutional government.

Such economies which can be made will, it is true, affect some of our citizens; but the failure to make them will affect all of our citizens. The very stability of our Government itself is concerned and when that is concerned the benefits of some must be subordinated to the needs of all.

When a great danger threatens our basic security it is my duty to advise the Congress of the way to preserve it. In so doing I must be fair not only to the few but to the many. It is in this spirit that I appeal to you. If the Congress chooses to vest me with this responsibility it will be exercised in a spirit of justice to all, of sympathy to those who are in need and of maintaining inviolate the basic welfare of the United States.

I ask that this legislation go into effect at once, without even waiting for the beginning of the next fiscal year. I give you assurance that if this is done there is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures of the Government.

NOTE: One of the most important factors in the decreased public confidence of these early days was the continued lack of balance of the normal budget during the preceding three years. I speak of the normal budget as including the regular items of usual Government expenditures, i.e., exclusive of the extraordinary relief expenditures which began with the new Administration. Practically nothing in the way of relief spending had been done between the date of the commence-

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ment of the panic in 1929 and March 4, 1933. In spite of that, the ordinary normal expenses of the Government had decreased but little, while tax receipts were quickly declining. There was a growing apprehension on the part of the people that Government bankruptcy was becoming imminent, even though nothing substantial was being done by the Federal Government in the way of public relief work.

The Democratic National Platform of 1932 contained the following provision: "We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagances, to accomplish a saving of not less than 25 percent in the cost of Federal Government."

The foregoing message was the first step in the fulfillment of that pledge. It was definitely fulfilled so far as the ordinary running expenses of the Government were concerned. Of course, the many new functions which the Government undertook after March 4, 1933, the many new administrative agencies which were organized, and the vast expenditures for relief, public works and related projects account for the increase in Government expenditures since March 4, 1933.

This message to the Congress asked for flexible legislation by which the Congress would fix the amount and the general principles of expenditure, leaving the details

of expenditure to the Executive to be determined quickly in the existing emergency.

The Congress, pursuant to the recommendations of my message, enacted the "Act to Maintain the Credit of the United States Government," approved March 20, 1933. (Pub. No. 2, 73d Congress; 48 Stat. 8.)

Title I of this Act, relating exclusively to veterans, gave the President broad powers to reduce their pensions and other allowances. This feature is discussed in Item 28, this volume.

Title II of the Act relates to the salaries of practically all the officers and employees of the Federal Government. The Act gave the President authority to reduce salaries drastically for practically every Federal officer and employee not only for the fiscal year 1934, but also for the balance of the current fiscal year, ending June 30, 1933—all of the appropriations of both periods having been enacted by the preceding Congress.

The passage of this legislation and the succeeding economies effected by me pursuant to it did much to dispel the growing fear that the country was headed toward bankruptcy, because normal departmental costs remained high while no relief was being given the starving.

The Act authorized the President to determine by investigation the cost of living as fixed by an index figure for the six months' period

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ending June 30, 1928. This six months' period was during the normal years before the depression, and was therefore to be used as a base period for purposes of comparison. Then for every six months' period thereafter, beginning with December 31, 1932, the President was to determine the cost of living, arriving by comparable calculations at an index figure for each such period. Due to the general fall in prices after the depression had set in, the cost of living in 1933 had, of course, fallen considerably from the cost of living in the base period in 1928. The Act provided that the cut in pay of Federal officers and employees for any six months' period should be proportioned to the drop in the cost of living for the preceding six months' period. In other words, the salaries were to be cut by the same percentage as the cost of living had decreased since the base period. This was the most just method of pay reduction, since it bore a definite relationship to the purchasing value of the dollar received by the employees in their pay checks. The old furlough provisions then in effect for Federal employees, established by the Legislative Appropriation Act for the fiscal year 1933, approved June 30, 1932 (47 Stat. 382), were repealed. There was, however, a maximum percentage of reduction fixed in the statute at 15 percent, beyond which salaries could not be reduced even though the cost of living had decreased more.

The statute also continued the various economies which had been effected by the Treasury and Post Office Appropriation Act, fiscal year 1934, approved March 3, 1933 (47 Stat. 1513). In fact it increased economies with respect to the salaries of Senators and Representatives in Congress, with respect to the salaries of the employees of the Congress, and in other respects.

Pursuant to the provisions of the statute, I caused a study to be made of the cost of living for the specified base period; and the index figure arrived at was 171. On March 28, 1933, I issued Executive Order 6085, showing the index figure for the six months' period ending December 31, 1932, to be 133.9, or a reduction below the base period of 21.7 percent. Accordingly, I fixed the rate of reduction of pay for all Federal employees for the succeeding period up to July 1, 1933, at the maximum of 15 percent.

Thereafter, on July 3, 1933, I issued Executive Order 6188 fixing the index figure for the six months' period ending June 30, 1933, at 130.2 or 23.9 percent below the base period. Accordingly, I again fixed the reduction in pay for the succeeding six months at the maximum of 15 percent.

Thereafter, on January 9, 1934, I issued Executive Order 6553, fixing the index figure for the six months' period ending December 31, 1933, at 135 or 21.1 percent lower than the base period. I, accordingly, again fixed the reduction

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in pay for the succeeding six months (January 1, 1934, to June 30, 1934) at 15 percent. See Item 5, Vol. III, which is a typical instance of this procedure.

However, the Act of March 28, 1934 (Independent Offices Appropriation Act 1935, 48 Stat. 521), passed by the Congress over my veto (see Item 55, Vol. III), reduced the maximum percentage of reduction from 15 percent to 10 percent from February 1, 1934, to June 30, 1934, and 5 percent thereafter until June 30, 1935.

Accordingly, although my subsequent Executive Orders of July 6,

1934, and January 4, 1935, numbered respectively 6791 and 6936, fixed index figures 20.2 percent and 18.8 percent lower than the base period, I could not fix the percentage of reduction of pay higher than the 5 percent limit thus set by the Congress.

The total savings in the normal budget (exclusive of veterans' allowance savings) for the fiscal year 1934, as a result of this statute and the Acts of June 16, 1933, and March 28, 1934, are estimated by the Bureau of the Budget to be \$242,972,200.

13 ¶ Executive Order Relative to the Reopening of Banks. Embargo on Gold Payments and Exports, and Limitations on Foreign Exchange Transactions continued. No. 6073. March 10, 1933

BY VIRTUE of the authority vested in me by Section 5 (b) of the Act of October 6, 1917 (40 Stat. L., 411), as amended by the Act of March 9, 1933, and by Section 4 of the said Act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following executive order.

The Secretary of the Treasury is authorized and empowered under such regulations as he may prescribe to permit any member bank of the Federal Reserve System and any other banking institution organized under the laws of the United States, to perform any or all of their usual banking functions, except as otherwise prohibited.

The appropriate authority having immediate supervision of banking institutions in each State or any place subject to the

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jurisdiction of the United States is authorized and empowered under such regulations as such authority may prescribe to permit any banking institution in such State or place, other than banking institutions covered by the foregoing paragraph, to perform any or all of their usual banking functions, except as otherwise prohibited.

All banks which are members of the Federal Reserve System, desiring to reopen for the performance of all usual and normal banking functions, except as otherwise prohibited, shall apply for a license therefor to the Secretary of the Treasury. Such application shall be filed immediately through the Federal Reserve Banks. The Federal Reserve Bank shall then transmit such applications to the Secretary of the Treasury. Licenses will be issued by the Federal Reserve Bank upon approval of the Secretary of the Treasury. The Federal Reserve Banks are hereby designated as agents of the Secretary of the Treasury for the receiving of application and the issuance of licenses in his behalf and upon his instructions.

Until further order, no individual, partnership, association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any place subject to the jurisdiction thereof any gold coin, gold bullion, or gold certificates, except in accordance with regulations prescribed by or under license issued by the Secretary of the Treasury.

No permission to any banking institution to perform any banking functions shall authorize such institution to pay out any gold coin, gold bullion or gold certificates except as authorized by the Secretary of the Treasury, nor to allow withdrawal of any currency for hoarding, nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.

Every Federal Reserve Bank is authorized and instructed to keep itself currently informed as to transactions in foreign ex-

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change entered into or consummated within its district and shall report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited.

NOTE: For a summary of the Administration's policies and objectives with respect to the monetary system of the United States, see note to Item 16, Vol. III.

During the banking holiday banks were forbidden to pay out or export gold or to deal in foreign exchange. This provided a breathing spell during which measures could be planned to regain control over the domestic monetary system.

The Emergency Banking Act of 1933 granted to the President authority to take whatever steps he deemed necessary "in the public interest" in regard to gold, silver and foreign exchange. It was pursuant to that authority that the provisions of the foregoing Executive Order relating to gold were issued. The order prohibited payment by any bank opened pursuant to it, of gold, gold bullion, or gold certificates except as authorized by the Secretary of the Treasury. It also prohibited the export of gold in any form except under licenses by the Secretary of the Treasury; and it prohibited all transactions in foreign exchange except "such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933."

The order, therefore, was designed to further our aim of domestic monetary stability, in that it prevented the possibility of further withdrawal of our gold reserves into useless hoards which, if unchecked, might again have endangered the banking system. The restrictions imposed on gold exports were intended to prevent external gold drains not arising from the balance of normal and legitimate international transactions. This order likewise, in prohibiting all unjustified transactions in foreign exchange, effectively checked all such speculative transactions as would create unwarranted and unnecessary fluctuations in our exchange rates. Further, it was a step toward permitting the dollar to become adjusted in an orderly manner to a position with reference to other currencies that would be more in accord with our goal of increasing domestic and foreign trade.

Because of the excellent cooperation given by the Federal Reserve System and by the various State banking departments, the Treasury Department determined that it would be safe to permit solvent banks to reopen beginning on Monday, March 13th. This was also done by means of the foregoing Executive Order which gave the Secretary of the Treasury power to license members of the Federal Re-

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serve System and other banks, which were found by him upon application by such banks to be in satisfactory condition for conducting the usual banking business. Similar power was granted by the order to the banking authorities of the various States with respect to State banking institutions. The order prohibited the paying out of gold or the paying out of currency for hoarding purposes.

Applications were thereafter received from the various banks, and licenses to reopen began to be issued. The banks began to open on March 13th, on which date banks

in the twelve Federal Reserve Bank cities were reopened; on March 14th banks in approximately 250 other cities having recognized clearing houses were opened; and on March 15th sound banks in all other places were opened.

Before the first of these banks was actually opened, I made my first so-called fireside chat, in which I discussed with the people of the United States the whole banking situation, and explained what had been done and what was being done in the way of reopening the sound banks of the Nation. This address is printed as Item 16, this volume.

14 ¶ White House Statement on Federal Assistance in Los Angeles-Long Beach Earthquake Disaster. March 11, 1933

EVERY facility of the Federal Government early today was made available by order of President Roosevelt, to relieve distress through cooperation with California State officials dealing with the earthquake and fire catastrophe in the Los Angeles-Long Beach area.

The President received advices from the War and Navy Departments stating that both Army and Navy Officers already were cooperating and rendering assistance wherever possible.

At the same time the President received a report from Vice-Chairman James L. Fieser of the American Red Cross, which reads in part as follows:

"I wish to advise that Mr. A. L. Schafer, Manager of the Long Beach Branch Office in San Francisco, and former Manager Director of Disaster Relief, accompanied by Mr. J. W. Richardson, experienced disaster executive, flew from San Francisco to Los Angeles on the midnight

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mail plane last night and are directing the activity of the numerous Red Cross Chapters and Branches from that point.

"My conversations with our Branch Office in San Francisco indicate utmost and most satisfactory arrangements on the part of the Red Cross forces in the affected area.

"Much of the problem to date is concentrated in Los Angeles County itself. Los Angeles and adjacent Red Cross Chapters are excellently organized.

"Additional experienced Red Cross personnel will be made available as rapidly as needed.

"Judge Payne has wired Governor Rolph expression of sympathy and has offered the services of the National Red Cross. Our San Francisco Branch Office is in touch directly with the Governor. Mr. Schafer will arrange cooperative relationship with Army and Navy forces in the Pacific area."

The President further instructed the Treasury Department to have the Public Health Service in readiness to render every possible assistance.

NOTE: The foregoing statement is typical of the policy of my Administration with respect to national disasters such as flood, fire, drought, earthquake, hurricane, etc. Instead of relying upon private agencies and local efforts at such times, I called into action all of the resources of the regular Federal departments as well as the emergency agencies of the Government. In this as well as in the other natural disasters which came during the Administration, some of which are mentioned in the

papers included in the succeeding pages of these volumes, there was no hesitation in rushing to the help of the stricken areas the personnel, the finances and the administrative machinery of the Federal Government.

In the case of the California earthquake I was awakened during the night with the news of it; and within fifteen minutes by quick use of the telephone had set to work all available resources of the Navy, Army, and Red Cross.

15 ¶ A Statement by the President on the Method
for Reopening of Banks — Announcement of
First Radio "Fireside Chat." March 11, 1933

I AM glad to be able to announce that technical difficulties which operated to delay the opening of banks, both State and national, have finally substantially been overcome by tireless work on the part of the officials of the Treasury and the Federal Reserve System, and that a definite program has been arranged consisting of successive steps by which banks throughout the country will be opened progressively on Monday, Tuesday and Wednesday mornings.

The Secretary of the Treasury will issue licenses to banks which are members of the Federal Reserve System, whether national bank or State, located in each of the twelve Federal Reserve Bank cities, to open Monday morning.

So also the State authorities having supervision over State banks which are not members of the Federal Reserve System will be asked to permit any such State institutions located in any one of the twelve Federal Reserve Bank cities to open for business on Monday morning if in their judgment they deem it wise to do so.

Under this progressive plan, banks located in any city having an active, recognized clearing house association, of which there are 250 cities, will receive licenses for reopening on Tuesday morning, and banks located elsewhere will receive their licenses permitting reopening for Wednesday.

Time is thus afforded for the necessary shipments of currency provided under the Emergency Bank Act from Reserve Bank centers to clearing house cities and banks in the smaller communities.

There were enormous technical problems to be solved before these mechanics could be worked out and before the actual currency could be in the bank when the doors opened.

The Constitution has laid upon me the duty of conveying the

The Method for Reopening Banks

condition of the country to the Congress assembled at Washington. I believe I have a like duty to convey to the people themselves a clear picture of the situation at Washington itself whenever there is danger of any confusion as to what the Government is undertaking.

That there may be a clear understanding as to just what has taken place during the last two days since the passage of this Act it is my intention, over the national radio networks, at ten o'clock Sunday evening, to explain clearly and in simple language to all of you just what has been achieved and the sound reasons which underlie this declaration to you.

The fact that banks will be opened under this plan does not mean that anyone should draw the inference that the banks opening Monday are in any different condition as to soundness from the banks licensed to open on Tuesday or Wednesday or any subsequent day.

NOTE: There had always been so much mystery thrown around the banking business, there was so much fear in the minds of bank depositors during these days of the banking crisis, and so much had happened during this first week, that I decided to use the radio to explain to the average men and women of the Nation who had their money tied up in some bank, what we had done and what we intended to do in the banking situation. It was my endeavor to explain these things in non-technical language, so that the great mass of our citizens who had had little or no experience with the technicalities of banking would be relieved of their anxiety as to

whether they would ever see their money again.

The following is the first so-called fireside chat, which has been applied by the Press to the various radio reports I have made to the people of the Nation. It had been my custom as Governor to make similar reports from time to time to the people of the State, not only for the purpose of informing them of what had been done, but also to enlist their support on various occasions when a hostile Legislature declined to enact legislation for the benefit of the people.

The name "fireside chat" seems to be used by the Press even when the radio talk is delivered on a very hot mid-summer evening.

16 ¶ The First "Fireside Chat" — An Intimate
Talk with the People of the United States on
Banking. March 12, 1933

I WANT to talk for a few minutes with the people of the United States about banking—with the comparatively few who understand the mechanics of banking but more particularly with the overwhelming majority who use banks for the making of deposits and the drawing of checks. I want to tell you what has been done in the last few days, why it was done, and what the next steps are going to be. I recognize that the many proclamations from State capitols and from Washington, the legislation, the Treasury regulations, etc., couched for the most part in banking and legal terms, should be explained for the benefit of the average citizen. I owe this in particular because of the fortitude and good temper with which everybody has accepted the inconvenience and hardships of the banking holiday. I know that when you understand what we in Washington have been about I shall continue to have your cooperation as fully as I have had your sympathy and help during the past week.

First of all, let me state the simple fact that when you deposit money in a bank the bank does not put the money into a safe deposit vault. It invests your money in many different forms of credit—bonds, commercial paper, mortgages and many other kinds of loans. In other words, the bank puts your money to work to keep the wheels of industry and of agriculture turning around. A comparatively small part of the money you put into the bank is kept in currency—an amount which in normal times is wholly sufficient to cover the cash needs of the average citizen. In other words, the total amount of all the currency in the country is only a small fraction of the total deposits in all of the banks.

What, then, happened during the last few days of February and the first few days of March? Because of undermined confidence on the part of the public, there was a general rush by a large portion of our population to turn bank deposits into cur-

The First Fireside Chat

rency or gold—a rush so great that the soundest banks could not get enough currency to meet the demand. The reason for this was that on the spur of the moment it was, of course, impossible to sell perfectly sound assets of a bank and convert them into cash except at panic prices far below their real value.

By the afternoon of March 3d scarcely a bank in the country was open to do business. Proclamations temporarily closing them in whole or in part had been issued by the Governors in almost all the States.

It was then that I issued the proclamation providing for the nationwide bank holiday, and this was the first step in the Government's reconstruction of our financial and economic fabric.

The second step was the legislation promptly and patriotically passed by the Congress confirming my proclamation and broadening my powers so that it became possible in view of the requirement of time to extend the holiday and lift the ban of that holiday gradually. This law also gave authority to develop a program of rehabilitation of our banking facilities. I want to tell our citizens in every part of the Nation that the national Congress—Republicans and Democrats alike—showed by this action a devotion to public welfare and a realization of the emergency and the necessity for speed that it is difficult to match in our history.

The third stage has been the series of regulations permitting the banks to continue their functions to take care of the distribution of food and household necessities and the payment of pay-rolls.

This bank holiday, while resulting in many cases in great inconvenience, is affording us the opportunity to supply the currency necessary to meet the situation. No sound bank is a dollar worse off than it was when it closed its doors last Monday. Neither is any bank which may turn out not to be in a position for immediate opening. The new law allows the twelve Federal Reserve Banks to issue additional currency on good assets and thus the banks which reopen will be able to meet every legitimate call. The new currency is being sent out by the Bureau of

The First Fireside Chat

Engraving and Printing in large volume to every part of the country. It is sound currency because it is backed by actual, good assets.

A question you will ask is this: why are all the banks not to be reopened at the same time? The answer is simple. Your Government does not intend that the history of the past few years shall be repeated. We do not want and will not have another epidemic of bank failures.

As a result, we start tomorrow, Monday, with the opening of banks in the twelve Federal Reserve Bank cities—those banks which on first examination by the Treasury have already been found to be all right. This will be followed on Tuesday by the resumption of all their functions by banks already found to be sound in cities where there are recognized clearing houses. That means about 250 cities of the United States.

On Wednesday and succeeding days banks in smaller places all through the country will resume business, subject, of course, to the Government's physical ability to complete its survey. It is necessary that the reopening of banks be extended over a period in order to permit the banks to make applications for necessary loans, to obtain currency needed to meet their requirements and to enable the Government to make common sense checkups.

Let me make it clear to you that if your bank does not open the first day you are by no means justified in believing that it will not open. A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow.

I know that many people are worrying about State banks not members of the Federal Reserve System. These banks can and will receive assistance from member banks and from the Reconstruction Finance Corporation. These State banks are following the same course as the National banks except that they get their licenses to resume business from the State authorities, and these authorities have been asked by the Secretary of the Treasury to permit their good banks to open up on the same schedule as the national banks. I am confident that the State Banking Departments will be as careful as the national Government in the policy

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relating to the opening of banks and will follow the same broad policy.

It is possible that when the banks resume a very few people who have not recovered from their fear may again begin withdrawals. Let me make it clear that the banks will take care of all needs—and it is my belief that hoarding during the past week has become an exceedingly unfashionable pastime. It needs no prophet to tell you that when the people find that they can get their money—that they can get it when they want it for all legitimate purposes—the phantom of fear will soon be laid. People will again be glad to have their money where it will be safely taken care of and where they can use it conveniently at any time. I can assure you that it is safer to keep your money in a reopened bank than under the mattress.

The success of our whole great national program depends, of course, upon the cooperation of the public—on its intelligent support and use of a reliable system.

Remember that the essential accomplishment of the new legislation is that it makes it possible for banks more readily to convert their assets into cash than was the case before. More liberal provision has been made for banks to borrow on these assets at the Reserve Banks and more liberal provision has also been made for issuing currency on the security of these good assets. This currency is not fiat currency. It is issued only on adequate security, and every good bank has an abundance of such security.

One more point before I close. There will be, of course, some banks unable to reopen without being reorganized. The new law allows the Government to assist in making these reorganizations quickly and effectively and even allows the Government to subscribe to at least a part of new capital which may be required.

I hope you can see from this elemental recital of what your Government is doing that there is nothing complex, or radical, in the process.

We had a bad banking situation. Some of our bankers had shown themselves either incompetent or dishonest in their handling of the people's funds. They had used the money entrusted

The First Fireside Chat

to them in speculations and unwise loans. This was, of course, not true in the vast majority of our banks, but it was true in enough of them to shock the people for a time into a sense of insecurity and to put them into a frame of mind where they did not differentiate, but seemed to assume that the acts of a comparative few had tainted them all. It was the Government's job to straighten out this situation and do it as quickly as possible. And the job is being performed. ✓

I do not promise you that every bank will be reopened or that individual losses will not be suffered, but there will be no losses that possibly could be avoided; and there would have been more and greater losses had we continued to drift. I can even promise you salvation for some at least of the sorely pressed banks. We shall be engaged not merely in reopening sound banks but in the creation of sound banks through reorganization.

It has been wonderful to me to catch the note of confidence from all over the country. I can never be sufficiently grateful to the people for the loyal support they have given me in their acceptance of the judgment that has dictated our course, even though all our processes may not have seemed clear to them. *not
think*

After all, there is an element in the readjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people. Confidence and courage are the essentials of success in carrying out our plan. You people must have faith; you must not be stampeded by rumors or guesses. Let us unite in banishing fear. We have provided the machinery to restore our financial system; it is up to you to support and make it work. *2581
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...*

It is your problem no less than it is mine. Together we cannot fail.

NOTE: By this time there had been such restoration of confidence that as soon as the banks were reopened a large volume of currency was re-deposited. Money in circulation which had reached a peak of over seven and one-half billion dollars early in March, 1933, declined by about one and a quarter billion dollars during the remainder of

Toward Repeal of the Volstead Act

March, and by about two billion dollars at the end of August. The return flow of money came principally from hoarded funds rather than from active circulation as was evidenced by the fact that most of the paper currency turned in after March was in the larger denominations of fifty dollars and over, which are not frequently used in day-to-day transactions.

There was also a rapid return of gold and gold certificates to the Reserve banks and to the Treasury. Between March 4th and March 15th, \$370,000,000 in gold coin and gold certificates was returned, and \$260,000,000 was returned during the second half of March. With this return of currency and gold came an increase in bank deposits. By the middle of April, deposits in the reporting member banks had increased by one billion dollars and before the end of June by more than two billion dollars.

During the first three days after the banking holiday, 4,507 national banks and 567 State member banks were opened, or about 76 percent of all the member banks of the

Federal Reserve System. By April 12th, State banking authorities had licensed approximately 7,400 non-member banks other than mutual savings banks or about 72 percent of the total of such banks. By the end of the year the number of licensed member banks had increased to 6,011 and the number of non-member banks had increased to 8,333. A great many of those that were reopened had been strengthened with new capital, supplied either by local interests or with funds from the Reconstruction Finance Corporation.

On April 12, 1933, when the first comprehensive figures became available after the banking crisis, nearly four billion dollars of deposits were tied up in about 4,200 unlicensed or restricted banks, member and non-member, which had been open prior to the banking holiday. By the end of June this had been reduced through reopening the banks or placing them in liquidation to about \$2,330,000,000, and by the end of the year to about \$1,025,000,000 in 1,772 banks of which 1,257 were non-member banks.

17 ¶ The First Step Toward the Repeal of the Volstead Act. March 13, 1933

To the Congress:

I RECOMMEND to the Congress the passage of legislation for the immediate modification of the Volstead Act, in order to legalize the manufacture and sale of beer and other beverages of such

The Third Press Conference

alcoholic content as is permissible under the Constitution; and to provide through such manufacture and sale, by substantial taxes, a proper and much-needed revenue for the Government.

I deem action at this time to be of the highest importance.

NOTE: The foregoing message was probably one of the shortest on record; and was practically a literal quotation from the language of the Democratic Platform. It was the first step in the legalizing of beer and light wines.

18 ¶ The Third Press Conference.

March 15, 1933

(Putting unemployed men to work in the forests—Farm production adjustment.)

THE PRESIDENT: Sorry to keep you waiting, but the Secretary of the Treasury was over, as usual, this morning.

Q. You are kept busy.

THE PRESIDENT: The Japanese Admiral is coming to see me this morning. Steve will tell you all about him.

Q. Are we going to have a war? *(Laughter)*

THE PRESIDENT: I haven't any real news, but I suppose you would like to have me talk a little bit about the two other measures. Entirely just for background, the general thought has been this: that even if we can get through the three measures—banking economics, the economy bill and the beer bill—we still shall have done nothing on the constructive side, unless you consider the beer bill partially constructive.

There are two other matters that I would very much like to get started while the Congress is here—both of them constructive. The first is a definite effort to put people to work. And the way I would put it is this: Like all very big projects, it is in a sense experimental, therefore we do not want to launch it on too big a scale until we know how practical it is.

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Probably I will send up a message. I can't tell you the exact date, but tomorrow if everything goes well.

The idea is to put people to work in the national forests and on other Government and State properties on work which would not otherwise be done; in other words, work that does not conflict with existing so-called public works. I cannot give you the details of it now. All I can tell you is that I am working with the Director of the Budget now, to see if we cannot keep the appropriation for it — new money — down as low as we possibly can. We think we can pay for a large part of it out of unexpended balances — money heretofore appropriated for other purposes, which would be a very distinct help to the Treasury.

The other measure is not only a constructive measure but an immediate one, for if it does not go through at this time, it might as well wait until next winter. That is the effort to increase the value of farm products. The reason for haste on that is perfectly obvious, for if we defer consideration of it until April we probably would not get it through until May or the end of April anyway, and by then a large part of the crops would already be in the ground. If we are going to have it apply to this year's crops, it ought to be put through immediately. Again I cannot tell you the details of it because they are still working on it.

Q. Does that include the principal crops?

THE PRESIDENT: I think, entirely off the record, it will be somewhat along the lines of leasing and certain features of the Smith Cotton Bill.

Q. Leasing? You mean taking marginal land out of the production column?

THE PRESIDENT: Yes, for the reduction of acreage. . . .

Q. Anything in plans for putting people to work, does that include a vast public works program?

THE PRESIDENT: I knew you were going to ask me that question and I am not ready to answer it yet, for this reason. This is entirely off the record. There are quite a lot of people who

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would like to see the bill made an all-inclusive bill; in other words, a big public works program, like the Wagner Bill that failed in the last Session, or a modification of it along the La Follette-Costigan lines. I don't know yet whether the bill will be made all-inclusive or whether it will be confined principally by the main thought of putting people immediately to work on natural resources.

Q. Isn't it the program of the Administration to put through that Wagner Bill for unemployment relief?

THE PRESIDENT: There is enough money in the R.F.C. for direct aid for municipalities for unemployment relief to last until May; therefore it is a grave question as to whether that is the kind of emergency that ought to keep the Congress here.

Q. How many men would be used on the forestry plan?

THE PRESIDENT: On the national forests, the Forestry Bureau says two hundred thousand men.

Q. What do you mean by the national forests? What are the national forests?

THE PRESIDENT: There is the Shenandoah Forest, the Big Smoky; there is quite a lot of Federal land in Pennsylvania, some in New Hampshire and, of course, there is a very large acreage out west.

Q. What do they do, cut down trees or plant trees?

THE PRESIDENT: The easiest way to explain it is this: All through the East where, of course, unemployment is relatively the worst with far more people, nearly all of the so-called forest land owned by the Government is second-, third- or fourth-growth land—what we call “scrub-growth”—which has grown up on it. What does that consist of? There are probably four or five thousand trees to the average acre—little bits of trees, saplings and so forth. Proper forestation is not possible; you will never get a marketable timber growth on that kind of land—just plenty of cordwood and that is about all. But with respect to the timber supply, the lumber supply of the country, we are using lumber at the present rate of cutting somewhere around three to four times the rate of the

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annual growth. We are rapidly coming to an end of the natural lumber resources. The end is within sight and, unless something is done about it, we will have to become a very large lumber-importing Nation within from twenty to forty years.

Now, take this second-, third-, fourth-growth land. Put men in there. Say there are five thousand of these saplings to the acre. Go in and cut out four thousand and leave one thousand. The men go in there and take out the crooked trees, the dead trees, the bushes, all of which have no value as lumber, and leave approximately one thousand trees to the acre. That means that the trees are sufficiently spaced to get plenty of light and air, and that there is not too much of a strain on the soil. Those trees then eventually will become a very valuable lumber crop.

In addition to that, one of our great difficulties all over the country is with fire. These men will be put to work in building fire breaks. A fire break is merely an operation of cutting a thirty or forty foot swath through the forest, and plowing it up, raking all the leaves and everything possible away from that strip and keeping it clear. The regular forest rangers and fire-protection people, in their tours, will then have a great deal better chance of limiting to a small area any fire that breaks out. . . .

Q. Even at a dollar a day pay for a year for these men, the cost is enormous. I haven't figured it, but I can see it will run into many millions of dollars. I figure where you would need a half a billion or one billion and spend it on this one item.

THE PRESIDENT: Just for background, speaking on that by way of explanation, these people would be people who are today on the dole. They are today performing no useful work, and earning no money. Those are the only people we would take — people performing absolutely no work at all and now just being barely supported by communities and States. . . .

Q. How soon do you think you can get them to work?

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THE PRESIDENT: Three or four weeks — that is, start getting them to work. . . .

Q. Will this farm bill precede the unemployment bill?

THE PRESIDENT: I don't know; I haven't got to that yet or the time of sending the message up. Then, of course, there is another element in what Ernest Lindley (*one of the correspondents*) asked about paying these people wages. It will help to relieve their own families. If a family man is taken, he will send a large part of it back home, and that relieves the community too. . . .

Q. I understand that some of the features of this farm bill will be presented to the International Economic Conference to make it international, putting this country on the same basis.

THE PRESIDENT: No, I think the only thing on that is this: There are certain crops like wheat where the world surplus is comparatively small. It is only from 10 to 15 percent. Therefore, if the wheat-producing Nations can reduce pro rata to that extent, it will help very much to solve the world price of wheat — to raise the world price of wheat as well as our own. Obviously if we can raise the world wheat price to a proper level, the need for continuing with an acreage-reducing plan in this country would not be so great.

Now, the surplus wheat-producing Nations besides ourselves are Canada, Australia, Argentina, Russia and the Balkans.

I think you can say — I shall say this entirely off the record — Russia is today probably, so far as we know, not in a position to do very much wheat exporting, for they need their own wheat.

The last wheat conference in 1929 — somewhere along that, 1928 or 1929 — failed largely because we, the United States, would not go along with any effort to reduce our own surplus production. Yet today we are going to take the first step looking toward world surplus reduction. And if Canada, Australia, Argentina and the Balkans go along with us, we have a possibility of an international agreement to cut the world

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wheat surplus and in that way to take a possible practical step in world economics.

Q. It will be brought out at this economic conference, won't it, or at some further conference?

THE PRESIDENT: It is on the agenda; it might be brought up ahead of it to get it out of the way.

Q. Has it been taken up diplomatically already?

THE PRESIDENT: I should say it has been taken up wholly unofficially so far. Right, Steve?

MR. EARLY: Right, sir.

Q. Can we use this?

THE PRESIDENT: For background it is all right.

Q. Is it permanent legislation?

THE PRESIDENT: No. Obviously a farm bill is in the nature of an experiment. We all recognize that. My position toward farm legislation is that we ought to try to do something to increase the value of farm products and if the darn thing doesn't work, we can say so quite frankly, but at least try it.

Q. Aren't there other crops where the same sort of agreement could be reached?

THE PRESIDENT: Yes, very distinctly. . . .

Q. Do you want to say anything about the bank situation, Mr. President? It seems to be working very well.

THE PRESIDENT: No, except, off the record, that there is one fellow responsible for its working so well and that is Bill Woodin (*Secretary of the Treasury*). He has done a perfectly grand job, and has been up day and night, literally. It is really wonderful the way Bill came down here and took hold of a thing he had never had any experience at before. I think what he has done would be a credit to anybody. . . .

NOTE: With respect to that part of the foregoing Press Conference which refers to putting men to work in the forests, see Items 21, 27, 31, 90, 113 of this volume and Item 165

of Vol. III relating to the Civilian Conservation Corps.

With respect to that part which deals with farm production adjustment, see Items 20, 54, 83 of this

Cablegram of Congratulation

volume and Items 21, 27, 62, 76 of tural Adjustment Act and other
Vol. III, relating to the Agricul- production adjustment statutes.

19 ¶ A Typical Cablegram of Congratulation by
the President. March 15, 1933

His Imperial Majesty

Reza Shah Pahlevi

Shah of Persia, Teheran

The American people join with me in extending sincere felicitations on this your Majesty's birthday and in wishing for your Majesty health and happiness for many years to come.

NOTE: The foregoing message of congratulations is printed as being the first of a great many similar telegrams which I sent as the representative of the American people to the heads of other Governments on various personal occasions. During the term of every President many of these messages are sent as part of the customary amenities between the various peoples of the earth.

20 ¶ “New Means to Rescue Agriculture”—The
Agricultural Adjustment Act. March 16, 1933

To the Congress:

AT THE same time that you and I are joining in emergency action to bring order to our banks, and to make our regular Federal expenditures balance our income, I deem it of equal importance to take other and simultaneous steps without waiting for a later meeting of the Congress. One of these is of definite, constructive importance to our economic recovery.

It relates to agriculture and seeks to increase the purchasing power of our farmers and the consumption of articles manufactured in our industrial communities, and at the same time greatly to relieve the pressure of farm mortgages and to increase the asset value of farm loans made by our banking institutions.

Deep study and the joint counsel of many points of view have produced a measure which offers great promise of good results. I tell you frankly that it is a new and untrod path, but I tell you with equal frankness that an unprecedented condition calls for the trial of new means to rescue agriculture. If a fair administrative trial of it is made and it does not produce the hoped-for results I shall be the first to acknowledge it and advise you.

The proposed legislation is necessary now for the simple reason that the spring crops will soon be planted and if we wait for another month or six weeks the effect on the prices of this year's crops will be wholly lost.

Furthermore, by action at this time the United States will be in a better position to discuss problems affecting world crop surpluses at the proposed World Economic Conference.

NOTE: Much thought and many conferences had been devoted to proposed measures to help the farmers of the Nation. Their desperate plight was not merely a part of the depression. Agriculture, as a means of livelihood, had been on the decline for years before the

To Rescue Agriculture

crash of 1929. In fact one of the most important reasons for the depression was the continued lack of adequate purchasing power on the part of the farmer and the rural community in general. For a decade the farmers had been suffering misfortune and hardship; and three years of new economic disaster had recently been imposed upon their old troubles. Some new means had to be devised to rescue agriculture for the millions of people who depended upon farming for a livelihood.

The farmers were in a hopeless plight because: (1) the total of farm income had fallen; (2) the prices of their farm commodities had slumped; (3) the prices which they had to pay for the things they bought had not declined in a ratio comparable with the prices of what they had to sell; (4) their fixed charges, interest and taxes, remained high; (5) the market was glutted with existing enormous surpluses.

(1) Agriculture's contribution to the national income by 1933 had fallen to 5.8 percent of the total, whereas in 1925 it had been 11.5 percent. In 1932 there was the smallest cash farm income during the quarter century for which we have records; it had fallen to \$4,377,000,000 from its 1929 level of \$10,417,000,000, a drop of 58 percent. When the net income is considered, after deductions from gross income for wages, operating expenses, taxes and interest, the decline was even more severe. On

that basis the per capita cash net income had decreased during those three years from \$162.00 to \$48.00.

(2) As to farm prices, there had been an average of 55 percent decline from 1929 to 1933. The severest price declines were suffered in products which the farmers of the United States exported, such as wheat, cotton, pork, rice and tobacco. Grain prices had fallen as a whole 63 percent; cotton 67 percent; meat animals 60 percent. Out of each dollar which the consumer spent for food during 1932, the farmer received only 33¢ as compared with 47½¢ during the period of 1925 to 1929.

(3) The prices which the farmer paid for things he bought did not decline as rapidly. In contrast with the 55 percent decline in farm prices from 1929 to 1933, the prices of things he bought fell only 30 percent. The exchange value per unit had declined about 36 percent. Whereas in 1929 the farmer would have to give two units of his product for a given article at a given store, he had to give slightly over three of the same units in 1933. The purchasing power of the 1932 income as a whole was 40 percent less than the purchasing power of the 1929 income. The disparity, while it existed for all farm products, was most severe for cotton, wheat, tobacco and rice.

(4) Dwindling farm prices and farm income were only a part of the crisis. The farmer's fixed charges for taxes on his farm and interest on his

To Rescue Agriculture

mortgage remained almost constant. They were practically the same in 1932 when the farmers' total cash income was down to $4\frac{1}{3}$ billion dollars as they were when that income was $10\frac{1}{2}$ billion dollars. In 1929, interest and taxes were less than a quarter of the farmer's total production expenses; in 1932, they amounted to more than one-third of the total.

The burden of the farm mortgages was taken up by me specially in my message to the Congress of April 3, 1933 (Item 29, this volume); the foregoing message of March 16, 1933, was devoted chiefly to means of raising agricultural income.

(5) To make the future for the farmer even more hopeless there were accumulations of enormous surpluses of farm products which hung constantly over an already saturated market and over annually recurring crops which could not be disposed of. There was a carryover already in existence at this time of 375,500,000 bushels of wheat, which was about 261,800,000 more bushels than the average annual carryover during the seven years preceding July, 1929. By June 30, 1933, the wheat carryover reached an all-time high of 377,900,000 bushels. The world carryover of American cotton at the beginning of the 1932-1933 season totaled 13,300,000 bales as against an annual average of 5,330,000 bales for the preceding decade. The corn carryover by October 1, 1933, was greater than the average for the preceding seven years by

about 199,400,000 bushels. The total stocks of leaf tobacco owned by dealers and manufacturers in the United States on January 1, 1933, was 2,144,700,000 pounds, which was an increase of 363,100,000 pounds over the average of the preceding ten years.

The causes of these unprecedented surpluses were threefold: The first reason was that the foreign market for our export farm commodities had disappeared or had been severely contracted. From a post-war peak of \$3,452,000,000 in 1920 it had slumped to \$1,821,000,000 in 1923, recovered to \$2,136,000,000 in 1925; and then it had gone down almost uninterruptedly until it had sunk to a low of \$662,000,000 in 1932. Although we exported from 12 to 19 percent of the total volume of our farm production during the ten years after the World War, this percentage had fallen to 7 percent by 1932. Before the War, the United States exported some 22 percent of its wheat; during the depression years of 1930-1933 that fell to 11 percent. Our pre-war export of 17 percent of our corn and 11 percent of our hog products had fallen to two-tenths of a percent of our corn and 7 percent of our hog products. The movement for national economic self-sufficiency abroad, the many foreign quotas and exchange barriers, the system of Smoot-Hawley protectionism which prevented foreign countries from exchanging some of their products for ours—were all helping to

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bring about this collapse in our farm export business.

The second cause of the surpluses was a weakened domestic market. The depression had reduced the purchasing power of so many people in the United States who bought the farmers' products that the domestic demand for cotton, wool, hides and tobacco had fallen tremendously. Although the consumption of food stuffs remained fairly stable, that of other farm products reflected the continued depressing effect of bad business and diminished wages. The substitution of automobiles, trucks and tractors for horses and mules had decreased the demand for horse feed. Restricted immigration and a declining birth rate had also decreased the domestic demand.

The third cause for growing surpluses was that agricultural production, in spite of the loss of foreign markets and in spite of diminished domestic markets, continued in high gear. During the years of the depression, industry helped itself to some extent by restricting production. But the individual farmer, trying to meet his fixed charges of interest and taxes and seeking to get whatever purchasing power he could, sought to grow more and more of his farm products. The low prices themselves served to bring about higher production. The fact is that the total volume of agricultural production was as high in 1932 as was the annual average of 1924-

1929. Although the production of grains and cotton had declined, this decline was offset by increased production of truck crops, live-stock products, dairy products, meat and poultry products. During the War in order to meet war-time demands, American farmers had taken 40,000,000 acres of grassland and had placed them in cultivation. In the face of his lost foreign market, the contracted purchasing power in his domestic market, the unprecedented accumulation of surpluses, the American farmer kept on producing on a war-time scale. Acting alone and individually there was little else that the farmer could do.

The result of all of this had brought about a condition in which the thirty-one million people, constituting our farm population, and the other millions whose income depended upon them, were unable to buy the products of our industrial life, and were thus forcing additional millions of industrial workers out of employment. More and more farmers were going into bankruptcy. Bank failures in rural communities were increasing. Farms were being foreclosed by the thousands. The situation called for drastic and, if need be, novel action.

I pointed out in the foregoing message that the means which I was suggesting were new and untried, but that something had to be done in an unprecedented fashion to meet the unprecedented plight of agriculture. I stated that

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if the proposed new means to rescue agriculture failed, they would be abandoned. Fortunately, the suggested means did succeed.

Ever since the late 1920's when the farmers' troubles really began in earnest, an increasing number of students of the American farm problem had sought a formula with which to end the disparity between farmers' incomes and industrial and business incomes in the cities. By 1929 a somewhat modified "domestic allotment" plan had been developed. The essence of it was a method which would enable the American farmer to sell his surpluses in the world market at the world price, and at the same time enable him to sell the remainder of the product which was needed for home consumption in America at a higher price. In its original form the domestic allotment plan contained no features to control the amount of production, but sought merely to obtain a higher price for domestically consumed farm products than for the exportable surpluses.

The Democratic National Convention in Chicago in June, 1932, adopted a platform which included these broad recommendations for helping agriculture:

"We favor the restoration of agriculture, the Nation's basic industry. . . . Extension and development of the farm cooperative movement and effective control of crop surpluses, so that our farmers may have the full benefit of

the domestic market. The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost."

In my speech accepting the nomination for the Presidency in Chicago in 1932, I indicated the necessary objective of reducing surpluses; and pointed out that, as to the actual wording of a plan, we stood ready to be guided by what the responsible farm groups and leaders agreed upon.

During the summer of 1932 I held many conferences with farm leaders and representatives of responsible farm groups to see whether an agreement could be reached on a proposal. On September 14, 1932, in my campaign speech at Topeka, Kansas, I laid down the general specifications upon which most of the responsible leaders of agriculture had then agreed as the fundamentals for a farm program.

Further conferences were held by farm organizations and farm leaders, which continued after the election of 1932. In November, 1932, the President of the Chamber of Commerce of the United States called a meeting in Chicago of business and farm leaders to discuss plans. In December, 1932, at Washington and at Warm Springs I had several conferences with Congressional leaders and representatives of farm groups to work out a farm bill; and substantial agreement on the main

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outlines of a bill fashioned on the voluntary domestic allotment plan was reached.

A large and important agricultural conference was held in Washington, D. C., December 12-14, 1932, with representatives of practically all of the national cooperatives, the three national farm organizations, the farm press and other agricultural leaders.

The conference agreed unanimously in the formulation of specific recommendations for a bill. The bill was drafted and introduced in January, 1933. It was opposed by the then Secretary of Agriculture Hyde, and although it was passed in the House, the Congress adjourned before the Senate took final action upon it.

Four days after my Inauguration, Secretary of Agriculture Wallace at my request announced a meeting of representative farm leaders for March 10, 1933, in order to agree upon a farm program which would affect that year's crops. As I pointed out in the foregoing Message, speed was essential in order to avoid additional surpluses being accumu-

lated by the 1933 crop. This conference of fifty farm leaders met on March 10, 1933. They agreed on recommendations for a bill, which were presented to me at the White House on March 11th by a committee of the conference, who requested me to call upon the Congress for the same broad powers to meet the emergency in agriculture as I had requested for solving the banking crisis.

Three days later I sent the proposed bill, which had been drafted in accordance with the recommendations of the conference, to the Congress, accompanied by the foregoing message. It was the most drastic and far-reaching piece of farm legislation ever proposed in time of peace.

The bill was passed on May 10, 1933, and signed by me on May 12th, with a statement which is printed as Item 54, this volume.

In the meantime in anticipation of the passage of the bill, in conferences between Administration leaders and farm representatives, the organization and set-up of the Agricultural Adjustment Administration were decided upon.

21 ¶ Three Essentials for Unemployment Relief.
(C.C.C., F.E.R.A., P.W.A.) March 21, 1933

To the Congress:

IT is essential to our recovery program that measures immediately be enacted aimed at unemployment relief. A direct attack in this problem suggests three types of legislation.

The first is the enrollment of workers now by the Federal Government for such public employment as can be quickly started and will not interfere with the demand for or the proper standards of normal employment.

The second is grants to States for relief work.

The third extends to a broad public works labor-creating program.

With reference to the latter I am now studying the many projects suggested and the financial questions involved. I shall make recommendations to the Congress presently.

In regard to grants to States for relief work, I advise you that the remainder of the appropriation of last year will last until May. Therefore, and because a continuance of Federal aid is still a definite necessity for many States, a further appropriation must be made before the end of this special session.

I find a clear need for some simple Federal machinery to coordinate and check these grants of aid. I am, therefore, asking that you establish the office of Federal Relief Administrator, whose duty it will be to scan requests for grants and to check the efficiency and wisdom of their use.

The first of these measures which I have enumerated, however, can and should be immediately enacted. I propose to create a civilian conservation corps to be used in simple work, not interfering with normal employment, and confining itself to forestry, the prevention of soil erosion, flood control and similar projects. I call your attention to the fact that this type of work is of definite, practical value, not only through the prevention of great present financial loss, but also as a means of creating future na-

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tional wealth. This is brought home by the news we are receiving today of vast damage caused by floods on the Ohio and other rivers.

Control and direction of such work can be carried on by existing machinery of the departments of Labor, Agriculture, War and Interior.

I estimate that 250,000 men can be given temporary employment by early summer if you give me authority to proceed within the next two weeks.

I ask no new funds at this time. The use of unobligated funds, now appropriated for public works, will be sufficient for several months.

This enterprise is an established part of our national policy. It will conserve our precious natural resources. It will pay dividends to the present and future generations. It will make improvements in national and state domains which have been largely forgotten in the past few years of industrial development.

More important, however, than the material gains will be the moral and spiritual value of such work. The overwhelming majority of unemployed Americans, who are now walking the streets and receiving private or public relief, would infinitely prefer to work. We can take a vast army of these unemployed out into healthful surroundings. We can eliminate to some extent at least the threat that enforced idleness brings to spiritual and moral stability. It is not a panacea for all the unemployment but it is an essential step in this emergency. I ask its adoption.

NOTE: The first type of legislation mentioned in the foregoing message relates to the Civilian Conservation Corps.

In the spring of 1933 hundreds of thousands of young men who had just reached an employable age found themselves in a tragic plight. Imbued with ambition and idealism, they sought a place in the

world, but were denied it by an economic situation over which they had no control whatever.

More than one-half of these young men came from congested areas of our cities, and almost all of them were expected to lend some aid toward the support of their families. Their willingness to work was of no help, for no oppor-

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tunities to work could be found. Discouragement and defeat could only lead them from despair into serious anti-social paths.

At the same time our natural resources of all kinds had been allowed to fall into a sad state of neglect. Our forests, soil and water resources were continuing to be rapidly depleted. Destructive forest fires were continuing to take a toll of millions of acres of timber land each year. Soil wastage and disastrous floods were constantly causing enormous damage.

Both to save a generation of upright and eager young men and to help save and restore our threatened natural resources, I had determined even before Inauguration to take as many of these young men as we could off the city street corners and place them in the woods at healthful employment and sufficient wage so that their families might also be benefited by their employment.

I called attention in my Inaugural Address to the possibility of providing this healthful employment, and at the same time doing something to prevent the destruction of these natural resources (see Item 1, this volume).

In conjunction with the Departments of War, Interior, Agriculture, and Labor, plans were made for carrying this into effect. On March 21, 1933, in the foregoing message, I recommended specific authority to accomplish these purposes.

Before the end of March a bill was passed entitled, "An Act for the

relief of unemployment through the performance of useful public works and other purposes" (Pub. No. 5, 73d Congress; 48 Stat. 22, approved March 31, 1933). It gave authority to the President to employ unemployed citizens to carry on works of a public nature in connection with various lands belonging to the United States or to the several States, for "the prevention of forest fires, floods and soil erosion, plant pest and disease control, the construction, maintenance or repair of paths, trails and fire lanes," and any incidental work. The Act also provided that the President might extend the work into privately and municipally owned lands when in the public interest.

Acting promptly upon the foregoing authority, I issued Executive Order No. 6101, April 5, 1933, setting up the Civilian Conservation Corps (see Item 31, this volume).

The second type of legislation, mentioned in the message to which this note is appended, concerns the direct relief work which was then immediately necessary to feed and clothe millions of our destitute and unemployed citizens, whose resources and means of livelihood had completely vanished during the years of depression.

When I first took office, there existed little of importance either in the way of precedent or in factual knowledge to guide us in the formulation of an adequate policy of un-

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employment relief. Indeed, although the depression had continued for more than three years and the number of unemployed had gradually risen to more than 15,000,000 employable persons, the very idea of Federal aid to the needy had been stubbornly resisted by the then Federal Administration until the passage of the Emergency Relief and Construction Act of 1932 approved July 21, 1932. (Public No. 302, 72d Congress.)

Even there, the measure of responsibility assumed by the Federal Government was slight. That statute, disregarding the then desperate financial condition of many States and cities, still assumed unemployment relief to be a matter of exclusively local responsibility. It proposed to lend money, through the Reconstruction Finance Corporation, at 3 percent interest to the respective States, up to a total of \$300,000,000 upon certification by their Governors of the necessity for the loan and the inadequacy of the respective States' resources to meet the relief load. These loans were to be repaid to the R.F.C. by deduction from future Federal highway grants to the borrowing States. (This repayment was, however, waived later by §14 of the Federal Highway Act of June 18, 1934, Public No. 393, 73d Congress; 48 Stat. 993.) As an alternative, loans could be made directly to cities and counties to aid in financing projects which were "self-liquidating in character."

The ineffectual nature of this

lending plan may be gauged by the fact that in spite of pressing and growing need only about \$80,000,000 of the total \$300,000,000 had been disbursed by the end of 1932.

Later experience has shown that a proper recovery and relief policy should avoid great reliance upon self-liquidating projects and schemes, because these add little to the total volume of spending, and do not create large-scale purchasing power. We now know that adequate care of the millions requiring public assistance necessitated a system of outright Federal aid, consisting of grants rather than loans.

The problem of unemployment was a national one — beyond the resources of States and municipalities, already overburdened by decreasing tax receipts and increasing indebtedness. Private philanthropy was wholly inadequate to supplement local public relief efforts.

The Democratic National Platform of 1932 contained the following provisions: "We advocate the continuous responsibility of government for human welfare. . . .

"We advocate the extension of Federal credit to the States to provide employment relief wherever the diminishing resources of the States make it impossible for them to provide for the needy; expansion of the Federal program of necessary and useful construction affected with a public interest, such as adequate flood control and water ways."

Just as in the earlier days of the depression in New York State, when

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I determined, as Governor, that the State itself must step in to help the localities meet relief needs, so I determined in March, 1933, as President, that the Federal Government should perform its duty to give freely of its greater resources to aid the destitute, where the State and local governments had tried to their utmost to meet the emergency, and were unable to do the whole job alone.

In accordance with my foregoing message, the Congress passed the Federal Emergency Relief Act of 1933, approved by me May 12, 1933 (Public No. 15, 73d Congress). (See Item 55, this volume.)

The third type of legislation mentioned in the foregoing message deals with a public works program which is discussed later in Items 80, 89 and 117 of this volume.

22 ¶ The Message and Executive Order Consolidating Federal Farm Credit Agencies.

March 27, 1933

To the Senate and House of Representatives:

PURSUANT to the provisions of Section 1, Title III, of the act entitled "An act to maintain the credit of the United States Government," approved March 20, 1933, I am transmitting herewith an Executive Order reorganizing the agricultural credit agencies of the United States.

This Executive Order consolidates in one agency—the Farm Credit Administration—the functions of all present Federal organizations which deal primarily with agricultural credit, namely, the Federal Farm Board, the Federal Farm Loan Board, the functions of the Secretary of Agriculture with regard to loans in aid of agriculture, and those of the Reconstruction Finance Corporation pertaining to the management of regional agricultural credit corporations. The functions of the Federal Farm Board with regard to further stabilization operations are abolished by the order.

A better coordination of the agencies involved in our agricultural credit system will produce a more uniform program for agricultural credits and will result in substantial economies. A

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saving of more than \$2,000,000 is the immediate effect of this order. Further substantial savings are anticipated.

Important as are the foregoing, of greater and controlling importance is the maintenance of the long-standing policy of the Federal Government to maintain and strengthen a sound and permanent system of cooperative agricultural credit, subject to Federal supervision and operated on the basis of providing the maximum of security to present and prospective investors in bonds and debentures resting on farm mortgages or other agricultural securities—all for the purpose of meeting the credit needs of agriculture at minimum cost.

22A ¶ Executive Order No. 6084, Accompanying the Foregoing Message. March 27, 1933

WHEREAS Sections 401 and 403 of Title IV of Part II of the Legislative Appropriation Act, fiscal year 1933, as amended by an act of Congress approved March 3, 1933, provide:

“SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically governmental expenditures; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

“Accordingly, the President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary to accomplish the following purposes:

“(a) To reduce expenditures to the fullest extent consistent with the efficient operation of the Government;

“(b) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

“(c) To group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purposes;

“(d) To reduce the number of such agencies by consolidating those having similar functions under a single head, and by abolishing such

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agencies and/or such functions thereof as may not be necessary for the efficient conduct of the Government;

“(e) To eliminate overlapping and duplication of effort; and

“(f) To segregate regulatory agencies and functions from those of an administrative and executive character.

“SEC. 403. Whenever the President, after investigation, shall find and declare that any regrouping, consolidation, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish any of the purposes set forth in section 401 of this title, he may by Executive order —

“(a) Transfer the whole or any part of any executive agency and/or the functions thereof to the jurisdiction and control of any other executive agency;

“(b) Consolidate the functions vested in any executive agency; or

“(c) Abolish the whole or any part of any executive agency and/or the functions thereof; and

“(d) Designate and fix the name and functions of any consolidated activity or executive agency and the title, powers, and duties of its executive head; except that the President shall not have authority under this title to abolish or transfer an executive department and/or all the functions thereof.”

NOW, THEREFORE, pursuant to the authority so vested in me, and after investigation, it is found and declared that the following changes in executive agencies and the functions thereof are necessary to accomplish the purposes set forth in section 401 above recited, and it is hereby ordered that:

(1) The functions of the Secretary of Agriculture as a member of the Federal Farm Board, and the offices of the appointed members of the Federal Farm Board, except the office of the member designated as chairman thereof, are abolished.

(2) The name of the Federal Farm Board is changed to the Farm Credit Administration.

(3) The name of the office of Chairman of the Federal Farm Board is changed to Governor of the Farm Credit Administration, and he is vested with all the powers and duties of the Federal Farm Board.

(4) The functions of the Secretary of the Treasury as a member of the Federal Farm Loan Board, and the offices of the ap-

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pointed members of the Federal Farm Loan Board, except the office of the member designated as Farm Loan Commissioner, are abolished, and all the powers and functions of the Federal Farm Loan Board are transferred to and vested in the Farm Loan Commissioner, subject to the jurisdiction and control of the Farm Credit Administration as herein provided.

(5) There are transferred to the jurisdiction and control of the Farm Credit Administration:

- (a) The Federal Farm Loan Bureau and the functions thereof; together with the functions of the Federal Farm Loan Board, including the functions of the Farm Loan Commissioner;
- (b) The functions of the Treasury Department and the Department of Agriculture, and the Secretaries thereof, under Executive Authorizations to give aid to farmers, dated July 26, 1918, and any extensions or amendments thereof;
- (c) The functions of the Secretary of Agriculture under all provisions of law relating to the making of advances or loans to farmers, fruit growers, producers, and owners of livestock and crops, and to individuals for the purpose of assisting in forming or increasing the capital stock of agricultural-credit corporations, livestock-loan companies, or like organizations, except Public Resolution No. 74, Seventieth Congress, approved December 21, 1928, providing for the Porto Rican Hurricane Relief Commission;
- (d) The Crop Production Loan Office and the Seed Loan Office of the Department of Agriculture, and the functions thereof;
- (e) The functions of the Reconstruction Finance Corporation and its board of directors relating to the appointment of officers and agents to manage regional agricultural credit corporations formed under Section 201 (e) of the Emergency Relief and Construction Act of 1932; relating to the establishment of rules and regulations for such management; and relating to the approval of loans and

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advances made by such corporations and of the terms and conditions thereof.

(6) The functions vested in the Federal Farm Board by Section 9 of the Agricultural Marketing Act are abolished, except that such functions shall continue to be exercised to such extent and for such time as may be necessary to permit the orderly winding up of the activities of stabilization corporations heretofore recognized under authority of such section, and the Governor of the Farm Credit Administration shall take appropriate action for winding up at the earliest practicable date the activities of such corporations and all affairs related to the exercise of such functions.

(7) The records, property (including office equipment), and personnel used and employed in the execution of the functions hereinbefore transferred are transferred to the jurisdiction and control of the Farm Credit Administration.

(8) The sum of \$2,000,000 of the unexpended balances of appropriations made to the Federal Farm Board by Public Resolutions No. 43 and No. 51 of the Seventy-second Congress shall be impounded and returned to the Treasury, which sum shall be in addition to the other savings to be effected by the Farm Credit Administration as a result of this order.

(9) The unexpended balances of appropriations to the Secretary of Agriculture, the Federal Farm Loan Bureau, and the Federal Farm Board for salaries, expenses, and all other administrative expenditures in the execution of the functions herein vested in the Farm Credit Administration shall be transferred to and vested in the Farm Credit Administration as a single fund for its use for salaries, expenses, and all other administrative expenditures for the execution of any or all of such functions without restriction as to the particular functions for the execution of which the same were originally appropriated. All other appropriations, allotments, and other funds available for use in connection with the functions and executive agencies hereby transferred and consolidated are hereby transferred to and vested in the Farm Credit Administration, and shall be available for

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use by it, for the same purposes as if the Farm Credit Administration were named in the law or authority providing such appropriations, allotments, or other funds.

(10) All power, authority, and duties conferred by law upon any officer, executive agency, or head thereof, from which or from whom transfer is hereinbefore made, in relation to the executive agency or function transferred, are transferred to and vested in the Governor of the Farm Credit Administration.

(11) The Governor of the Farm Credit Administration is directed to dismiss, furlough, transfer, or make other appropriate disposition of such of the officers and employees under his jurisdiction and control as are not required for the proper execution of the functions of the Farm Credit Administration.

(12) The Governor of the Farm Credit Administration is authorized to execute any and all functions and perform any and all duties vested in him through such persons as he shall by order designate or employ.

(13) The Governor of the Farm Credit Administration, by order or rules and regulations, may consolidate, regroup, and transfer offices, bureaus, activities, and functions in the Farm Credit Administration, so far as may be required to carry out the purposes to which this order is directed, and may fix or change the names of such offices, bureaus, and activities and the duties, powers, and titles of their executive heads.

This order shall take effect upon the sixty-first calendar day after its transmission to Congress unless otherwise determined in accordance with the provisions of Section 407 of the act cited above, as amended.

NOTE: The foregoing message and Executive Order were sent pursuant to the Economy Act, approved March 20, 1933 (see Items 12 and 63 of this volume).

The various Federal agencies engaged at this time in extending credit to farmers were scattered through-

out a number of departments of the Government. They are enumerated in the Executive Order.

The first head of the new agency, known as the Governor of the Farm Credit Administration, was Henry Morgenthau, Jr., who was appointed May 27, 1933. He was succeeded by

Rio Grande Wild Life Refuge

W. I. Myers, as Governor, on November 17, 1933.

The Farm Credit Administration was organized to eliminate overlapping, prevent duplication, settle conflicting jurisdictions—in short, to provide a more efficient, logical and coordinated credit service for farmers at lower cost.

The objectives of the Farm Credit Administration were both emergency and long range.

During the emergency period the Farm Credit Administration was used to stop the wholesale farm foreclosures then threatened or in process, by refinancing farm debts and mortgages on a basis which would enable farmers to survive. It

was also the instrumentality by which emergency short-term credit was extended, such as feed and seed loans, to enable farmers and stockmen to plant crops, maintain herds, and remain in business.

The longer-range objective was stated in the foregoing message transmitting the Executive Order. It was to establish permanently on cooperative principles a complete coordinated credit system for agriculture, entirely free of Government subsidy, farmer-owned and farmer-controlled, and designed to improve the sound credit requirements of farmers on terms of repayment suited to farming needs and at the lowest possible cost.

23 ¶ Establishment of the Rio Grande Wild Life Refuge. Executive Order No. 6086.

March 28, 1933

It is hereby ordered that Executive Order No. 1032, dated February 25, 1909, in so far as it relates to the establishment of the Rio Grande Reservation in New Mexico, for the protection of native birds, be, and the same is hereby, revoked; and it is hereby further ordered that all that area of land and water of the United States within Socorro and Sierra Counties, New Mexico, hereinafter described and shown on the plat hereto attached and made a part of this order, be, and the same is hereby, reserved, subject to uses by the Bureau of Reclamation and to valid existing rights, for the use of the Department of Agriculture as a refuge and breeding ground for birds and wild animals.

[Here follows a detailed description of the land included within the

Rio Grande Wild Life Refuge

refuge, which is, roughly, an area 40 miles long and from 1 to 5 miles wide, covering approximately 73,228 acres.]

It is unlawful within this reservation (a) to hunt, trap, capture, willfully disturb, or kill any wild animal or bird of any kind whatever, to take or destroy the nests or eggs of any wild bird, to occupy or use any part of the reservation, or to enter thereon for any purpose, except under such rules and regulations as may be prescribed by the Secretary of Agriculture; (b) to cut, burn, or destroy any timber, underbrush, grass, or other natural growth; (c) willfully to leave fire or to suffer it to burn unattended near any forest, timber, or other inflammable material; (d) after building a fire in or near any forest, timber, or other inflammable material, to leave it without totally extinguishing it; and (e) willfully to injure, molest, or destroy any property of the United States.

Warning is given to all persons not to commit any of the acts herein enumerated, under the penalties prescribed by sections 106, 107, and 145 of Chapter 4, Title 18, United States Code (35 Stat. 1098 and 43 Stat. 98), or by Section 10 of the Migratory Bird Conservation Act of February 18, 1929 (45 Stat. 1224; U. S. C., Supp. VI, Title 16, Sec. 715i).

This refuge shall be known as the Rio Grande Wild Life Refuge.

NOTE: This is the first of a number of Executive Orders providing for the establishment of migratory bird, waterfowl, and wild game refuges. The Migratory Bird Conservation Act (45 Stat. 1222) was approved in 1929. It authorized appropriations in a ten-year program for purchasing land to be set aside for bird and game refuges. However, the appropriations were not made by the succeeding Congresses, and, as a consequence, the program for the purchase of land for this

purpose under the provisions of the Migratory Bird Conservation Act had fallen behind considerably prior to 1933.

Between 1933 and 1937, however, various substantial allotments of funds from emergency appropriation acts were made for this purpose, and the program continued. Besides, by Executive Orders, I began to set aside for this purpose tracts of suitable lands which were already in the public domain.

The generous use of funds for the

Celebration of Army Day

purchase of land for refuges for migratory birds, waterfowl, and wild game, and the Executive Orders setting aside lands in the public domain for such refuges, had their effect.

On March 4, 1933, there were in existence in the United States only 109 of such refuges, consisting of about 5,639,000 acres. On July 1, 1937, this number had been increased to 245 such refuges, consisting of approximately 11,379,000 acres.

This increase in acreage was brought about as follows: Approximately 1,558,000 acres were purchased between those dates with public funds amounting to about \$10,000,000, practically all of which was appropriated from various relief appropriations; and approximately 4,062,000 acres were added by setting aside parts of the then existing public domain for such refuges by Executive Orders.

24 ¶ A Letter on the Celebration of Army Day. March 28, 1933

My dear General Delafield:

THE celebration of Army Day at this time is fortunate in that it presents a fitting occasion for the Nation to take stock and consider the ideals which led us to stand shoulder to shoulder, facing the dangers of war.

Present emergencies are being met with this same spirit of unity. The problems are great but will be overcome. Together we cannot fail.

I wish to add my endorsement to the celebration of Army Day and especially to commend the citizen components of the Military Service for their patriotism and continued service to their country.

Very sincerely yours,

Brig. Gen. John R. Delafield,
Commander-in-Chief,
Military Order of the World War,
Washington, D. C.

25 ¶ Recommendation for Federal Supervision of Investment Securities in Interstate Commerce.

March 29, 1933

To the Congress:

I RECOMMEND to the Congress legislation for Federal supervision of traffic in investment securities in interstate commerce.

In spite of many State statutes the public in the past has sustained severe losses through practices neither ethical nor honest on the part of many persons and corporations selling securities.

Of course, the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

There is, however, an obligation upon us to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public.

This proposal adds to the ancient rule of *caveat emptor*, the further doctrine "let the seller also beware." It puts the burden of telling the whole truth on the seller. It should give impetus to honest dealing in securities and thereby bring back public confidence.

The purpose of the legislation I suggest is to protect the public with the least possible interference with honest business.

This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt in on exchanges, and by legislation to correct unethical and unsafe practices on the part of officers and directors of banks and other corporations.

What we seek is a return to a clearer understanding of the ancient truth that those who manage banks, corporations and other

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agencies handling or using other people's money are trustees acting for others.

NOTE: The need for reform in the conduct of the financial markets of the Nation had become fixed in the public mind in the years following the stock market crash in 1929. The public demand for reform was reflected in the Democratic Platform of 1932, which stated:

"We advocate protection of the investing public by requiring to be filed with the Government, and carried in advertisements, of all offerings of foreign and domestic stocks

and bonds, true information as to bonuses, commissions, principal invested, and interests of the sellers."

On March 29, 1933, I sent the foregoing message to the Congress asking for this type of legislation. Pursuant to that message, the Congress passed, and on May 27, 1933, I approved, the Securities Act of 1933 (48 Stat. 74, Public No. 22, 73d Congress). See Item 66, this volume.

26 ¶ White House Statement on the Proposed Securities Legislation. March 29, 1933

THE plan is to protect the public by informing the investor, by requiring the issuer to lodge with the Federal Trade Commission information which must be true, before the securities can be offered for sale in interstate commerce, and by providing that otherwise the issuer will subject himself to a criminal penalty. It requires all advertisements for the sale of such securities in interstate commerce to carry definite informative facts that will put the purchaser on notice. It changes the ancient doctrine of *caveat emptor* to "let the seller beware," and puts the burden on the seller rather than on the buyer. It should give a great impetus to honest dealing in securities and bring back public confidence in the sale of securities.

27 ¶ The Seventh Press Conference

(Excerpts). March 29, 1933

(Civilian Conservation Corps — Securities legislation — Veterans' regulations)

Q. What type of organization are you going to set up to mobilize the unemployed on this forestation program?

THE PRESIDENT: I cannot tell you anything definite yet. Probably I will have to have somebody to act as director of the whole works, but that means, of course, that he will have to work through existing Federal agencies. For instance, on the initial enrollment, it will be the Department of Labor plus Army facilities such as trucks and things like that. Then the actual taking of the men to camp and maintaining them at camp will be an Army feature. The supervision of the work will be either an Interior problem or an Agriculture problem, one or the other.

Q. Or both?

THE PRESIDENT: Or both.

Q. Will that mean concentration camps?

THE PRESIDENT: Do not use that word. It sounds too much like that which some of us older people remember as used in the Cuban episode of 1907 and 1908. I do not know what you would call them. They are merely way-stations to be used on the way to the camps, at which the boys will be properly treated, outfitted and given a complete medical examination. That is about all.

Q. Why not call them cantonments?

THE PRESIDENT: Well, a cantonment has a more permanent sound. I hope that we can keep them there just as short a time as possible. The Army, in talking in a preliminary way, says two weeks. I think that is much too long. I think we could keep them in camp a maximum of one week, which would be quite enough. It saves money to keep them out on the job as long as we can.

The Seventh Press Conference

Q. How soon do you think we can get them out, Mr. President?

THE PRESIDENT: I should think we can get the first people enrolled within two weeks after the passage of the bill. That means they probably could not get to camp until three weeks. Of course, we cannot start off with 250,000 at one time. That will take quite a while.

Q. What is new, Mr. President?

THE PRESIDENT: I have something about the Securities Bill today. I dictated the message just before I left the White House and it has not gone up yet. There are copies out there. The general idea is that it provides publicity rather than any guaranty to the investing public. What we want to avoid is having the public think that an issue of securities, the facts on which have been filed with the Department, and for which a license has been issued, is necessarily a good investment. For, of course, that is not so at all.

The simplest example is this: If a company is organized to develop a gold mine and it has got what it and the engineers honestly believe to be a perfectly good speculation and if it is not over-capitalized, there is no reason why it should not get a license to operate, provided the public is informed that it is, like most gold-mining operations, a speculative venture. Of course, it must be started in good faith. In other words, what we are trying to do is to get the kind of information before the investing public as to each issue so that, if they do invest, they will know at least that the representations that have been made to them are true.

What I am saying to Congress in the message — I don't suppose you will use any of this before it actually goes to Congress — is that it applies the new doctrine of *caveat vendor* in place of the old doctrine of *caveat emptor*. In other words, "let the seller beware as well as the buyer." In other words, there is a definite, positive burden on the seller for the first time to tell the truth.

Q. Does this bill complete the program or is there more to come?

The Seventh Press Conference

THE PRESIDENT: What we are trying to do, among other things, is to carry out the Democratic platform; and the big objective is to restore the old idea that a person who uses other people's money does so in a fiduciary capacity. That applies whether he is a dealer in new securities or whether he is a dealer in old securities. The same thing applies to commodities. In other words, a person who works in either a stock or a commodity exchange is acting as the agent for other people in a fiduciary capacity.

This particular message only takes up one phase and that is the issuing of new securities. You can say that there are three other phases: The first is the supervision of the buying and selling of securities and commodities. On that we are not yet ready. We are working on it and it will probably take another week or ten days. Of course, there are all sorts of complications and I think the Fletcher Committee is also working on that phase of it. They may have to do some more looking into the problems and analyzing them from the standpoint of the information they are gathering through the hearings.

The third phase relates to the fiduciary position of directors and officers of corporations and their subsidiaries. That would be just to restore the old—I was going to say the old Biblical rule, but I don't think they had corporations in those days, but it amounts to that. The idea is that they are trustees for the stockholders.

The fourth phase primarily relates to banking. That relates to the question of affiliates, and to the separation of investment buying and selling from banking, and to the separation of commercial banking from trust banking. It also covers the matter of private banking affairs, bringing them in under the same rule that governs public banks and things of that kind.

Well, we are working on all these phases; and we are not ready yet. It will take another ten days. . . .

The Seventh Press Conference

Q. Do you propose to put this whole program before this session of Congress?

THE PRESIDENT: It might take too long to work out parts of it so as to get it all in. It is a very complicated thing. . . .

Q. Would you care to comment on the local stories about the changes in the I.C.C. and Federal Trade Commission? There have been stories that they may be abolished.

THE PRESIDENT: Well, they won't be abolished. That is a pretty good guess.

Q. To get started on foreign affairs for a moment. I understand that the Senate Foreign Relations Committee has taken action on the American adherence to the World Court. Is it your desire, can you tell us whether you want the Senate to act at this session?

THE PRESIDENT: Not even off the record. You can make a guess. . . .

Q. How about the veterans' regulations that are due some time this week?

THE PRESIDENT: The veterans' regulations have been drafted; and the Director of the Budget and General Hines are giving a chance to the veterans' organizations to come in and look them over and make suggestions.

Q. Is that going on now?

THE PRESIDENT: That is going on now. . . .

NOTE: As to the organization of unemployed on the forestation program, discussed in this Press Conference, see Items 18, 21, 31, 90, 113 of this volume and Item 165 of Vol. III, relating to the Civilian Conservation Corps.

With respect to the discussion of securities legislation, see Items 25, 26 and 66 of this volume.

As to the veterans' regulations mentioned, see Items 28, 51 and 69 of this volume.

28 ¶ A Message to Veterans to Share the Spirit of Sacrifice. April 1, 1933

IN CONNECTION with the publication today of the regulations having to do with veterans' benefits, I do not want any veteran to feel that he and his comrades are being singled out to make sacrifices. On the contrary, I want them to know that the regulations issued are but an integral part of our economy program embracing every department and agency of the government to which every employee is making his or her contribution.

I ask them to appreciate that not only their welfare, but also the welfare of every American citizen depends upon the maintenance of the credit of their Government, and also to bear in mind that every citizen in every walk of life is being called upon, directly or otherwise, to share in this.

NOTE: Pursuant to my message to the Congress of March 10, 1933 (see Item 12, this volume), asking for "new legislation laying down broad principles for the granting of pensions and other veteran benefits and giving to the Executive the authority to prescribe the administrative details," the Congress enacted "An Act to Maintain the Credit of the United States Government" which was approved by me March 20, 1933 (48 Stat. 8; Public No. 2, 73d Congress).

Title I of that Act deals exclusively with veterans. Titles II and III deal with other economies in Government and are discussed elsewhere (see Item 12, this volume).

For some time prior to the date of my message, a Joint Committee of the House and Senate had been considering the whole question of

veterans' benefits. Legislation for the assistance of veterans of our various wars had been enacted from time to time over a period of many years in piecemeal fashion. Many inequalities and inconsistencies and much duplication had, as a result, crept into the law as it related to the different groups of veterans and their dependents. The sum of money required to fulfill the various provisions of law then in existence was enormous. The contemplated appropriation for paying these various benefits for the fiscal year beginning July 1, 1933, was \$945,988,000.

There was only one way to meet the immediate need of reducing this total to reasonable limits and at the same time to eliminate the many glaring inequalities in veterans' allowances. It would have been im-

Legislation to Save Mortgaged Farms

possible, within the short time available, for the Congress to rewrite all the veteran legislation of the past years. Instead, the Congress repealed all the then existing public laws "granting medical or hospital treatment, domiciliary care, compensation and other allowances, pensions, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and the World War, or to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty. . . ." (§17).

The Act thereupon granted authority to the President (within the limits of appropriations made by the Congress) to issue regulations governing the payment of pensions and other benefits to veterans covered by the laws thus repealed. These regulations after two years in effect were to become permanent legislation, until changed by regular statute.

The Act did not repeal the laws relating to service pensions prior to the Spanish-American War, except

to authorize a temporary percentage reduction in such benefits.

The first regulations which I issued pursuant to the authority of this Act were dated March 31, 1933. They were twelve in number and were known as Executive Orders Nos. 6089 to 6100 inclusive. These regulations reduced materially all benefits of war veterans. The Bureau of the Budget has estimated that a total reduction of \$460,000,000 was made by these regulations in the expenditures which would have been required for the fiscal year 1934, had the prior laws affecting veterans been allowed to remain in effect.

At the time I issued the first regulations I expected that some modifications might have to be made later in the reductions effected by these orders. I therefore directed the Administrator of Veterans Affairs to conduct a careful study of the effects of these new regulations so that if any injustices or inequalities were found, or if the reductions appeared in some particulars to be too severe, prompt remedial recommendations were to be made to me. (See Item 51, this volume.)

29 ¶ A Message Asking for Legislation to Save Farm Mortgages from Foreclosure. April 3, 1933

To the Congress:

AS AN integral part of the broad plan to end the forced liquidation of property, to increase purchasing power and to broaden the credit structure for the benefit of both the producing and

Legislation to Save Mortgaged Farms

consuming elements in our population, I ask the Congress for specific legislation relating to the mortgages and other forms of indebtedness of the farmers of the Nation. That many thousands of farmers in all parts of the country are unable to meet indebtedness incurred when their crop prices had a very different money value is well known to all of you. The legislation now pending, which seeks to raise agricultural commodity prices, is a definite step to enable farm debtors to pay their indebtedness in commodity terms more closely approximating those in which the indebtedness was incurred; but that is not enough.

In addition the Federal Government should provide for the refinancing of mortgage and other indebtedness so as to secure a more equitable readjustment of the principal of the debt and a reduction of interest rates, which in many instances are so unconscionably high as to be contrary to a sound public policy, and, by a temporary readjustment of amortization, to give sufficient time to farmers to restore to them the hope of ultimate free ownership of their own land. I seek an end to the threatened loss of homes and productive capacity now faced by hundreds of thousands of American farm families.

The legislation I suggest will not impose a heavy burden upon the national Treasury. It will instead provide a means by which, through existing agencies of the Government, the farm owners of the Nation will be enabled to refinance themselves on reasonable terms; it will lighten their harassing burdens and give them a fair opportunity to return to sound conditions.

I shall presently ask for additional legislation as a part of the broad program, extending this wholesome principle to the small home owners of the Nation, likewise faced with this threat.

Also, I shall ask the Congress for legislation enabling us to initiate practical reciprocal tariff agreements to break through trade barriers and establish foreign markets for farm and industrial products.

NOTE: I have already outlined the purchasing power of the agricultural community had diminished. extent to which the prices of farm commodities had fallen and the (See Item 20, this volume.)

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As a result of this dwindling income it became increasingly difficult for the farmers to meet the interest and principal of their mortgages. Foreclosures had increased so that the rate had become almost 39 for each 1,000 farms, as compared with the normal rate from 1926 to 1930 of 17 for each 1,000 farms. Agricultural credit had almost completely shut down, so that credit at any cost was practically unavailable in a great many areas. The resentment of many individual farmers against this state of affairs which was in no way due to their own fault, culminated in some States in mob action to prevent foreclosures, with actual violence and intimidation of courts and sheriffs.

The Democratic National Platform of 1932 contained a plank stating: "We favor . . . better financing of farm mortgages through recognized farm bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure." The foregoing message and the resulting legislation were the fulfillment of that platform pledge.

I had already, by Executive Order No. 6084 of March 27, 1933, reorganized the various farm credit agencies into one Farm Credit Administration for the purpose of more effective operation.

On April 3d, the foregoing message was sent setting forth our program for relieving farmers of a part of the unbearable burden of their

mortgages. The message states the essence of the program, namely, that the Federal Government should provide funds for refinancing the mortgages, so as to reduce the interest rate and the principal payments and give additional and sufficient time to the farmers to meet these mortgage debts. At the same time other steps were being taken (see Items 20 and 54 of this volume) to raise farm prices and increase the purchasing power of the farmers.

As a result of the foregoing message the Emergency Farm Mortgage Act of 1933, approved May 12, 1933, was passed (Title II of Pub. No. 10, 73d Congress; 48 Stat. 31). This title, among other things, provided for: (1) the refinancing of farmers' debts so as to reduce the interest rate and to extend the period of amortization and principal by means of Federal land bank loans and Land Bank Commissioner loans; (2) authority until July 11, 1938, to grant extensions of time to Federal Land Bank borrowers who were unable through no fault of their own to meet the payments on their loans; (3) a reduction until July 11, 1938, in the interest rate on Federal land bank loans through national farm loan associations to 4½ percent regardless of the contract rate. (By later amendments this rate was reduced to 3½ percent for the fiscal years 1936, 1937, and 1938, and to 4 percent for 1939.)

The signing of this Act was accompanied by a statement by me printed as Item 54 of this volume.

30 ¶ The President Takes a Hand in the Oil Industry Emergency. April 3, 1933

My dear Governor:

I AM sending you herewith for your consideration a report submitted to the Secretary of the Interior as the result of a three days' conference held in Washington the early part of this week on the oil situation and participated in by representatives of the Governors of seventeen of the oil-producing States. There were also present at the conference representatives of the independents in the industry as well as of the major oil- and gas-producing agencies. The main report was drafted and unanimously adopted by a Committee of Fifteen, composed in equal parts of representatives of the Governors, of the major oil industries, and of the independents. When this report was finally submitted to the full conference, it received the affirmative votes of all the representatives of the Governors and of those representatives of the oil industries voting as set forth on page four of the report.

Together with the majority report just referred to, I enclose also, for your information, a minority report adopted by a group of independents and subscribed by them in the name of "Independent Petroleum Association Opposed to Monopoly."

I further enclose a resolution adopted by the representatives of the Governors after the main report already referred to had been ratified.

To complete the record, I am sending also a final correction to the recommendations made by the Committee of Fifteen, which was handed to the Secretary of the Interior yesterday.

I especially direct your attention to paragraphs A-1 and A-2 of the recommendations of the Committee of Fifteen. It is obvious that the action proposed to be taken in these paragraphs is within the sole authority and jurisdiction of the interested States. The President of the United States has no authority to declare a moratorium such as is proposed and he might be regarded as

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infringing on the sovereignty of the States if he should make the suggestion contained in paragraph A-2.

There seems to be a widespread feeling that an emergency exists in the oil industry calling for action and it is hoped that the Governors of the States affected, after consultation with each other, will take action appropriate to meet it.

The Committee of Fifteen in paragraphs A-3 and A-4 recommend certain action on the part of the Federal Government. I am of the opinion that the suggestion that the Congress pass legislation prohibiting the transportation in interstate and foreign commerce of any oil or the products thereof produced or manufactured in any State in violation of the laws thereof, is well considered. I am prepared to recommend such legislation to Congress as a contribution on the part of the National Government toward the solution of the difficulties in which the oil industry finds itself.

I also approve of the recommendation in paragraph A-4 of this report.

The report of the Independent Petroleum Association Opposed to Monopoly recommends "the enactment of emergency legislation by Congress divorcing oil pipelines engaged in interstate commerce from other branches of the oil industry." I am of the opinion that this is a reasonable request and that such legislation should be enacted at as early a date as possible.

There are other suggestions and recommendations made to the Secretary of the Interior as a result of the deliberations of the oil conference that on their face are fair and reasonable but which do not require immediate action. These recommendations can be taken up at a later date, perhaps after further conferences between the representatives of the States and of the industry and of the National Government.

Very sincerely yours,

The Oil Industry Emergency

The foregoing letter was sent to the Governors of the following States:

Arkansas	Louisiana	Pennsylvania
California	Montana	Rhode Island
Colorado	New York	Texas
Illinois	New Mexico	West Virginia
Kansas	Ohio	Wyoming
Kentucky	Oklahoma	

NOTE: For several years, the oil-producing industry in the United States had suffered from continued overproduction and constantly falling prices. The major individual States producing oil had unsuccessfully tried to meet the situation by regulation of production. But there was continued widespread violation of this regulation; and the various States were either unwilling or unable to enforce the legitimate conservation programs which had been adopted by them. In addition, there was widespread tax evasion of gasoline taxes, which itself unsettled the market for gasoline, the chief product of petroleum all over the country. A minority of those in the industry engaged in distributing and transporting oil refused to cooperate for the betterment of conditions as they could have done by declining to purchase or transport oil which was illegally produced.

It was generally understood that the oil produced illegally over and above the quotas established by the various State laws ran from one hundred thousand to three hundred thousand barrels per day of crude

oil produced every day in excess of the estimated market or national requirements. The disastrous effect on the industry of this excess production was of course made worse by the continuously decreasing demand for petroleum products during the depression, which came with the decreased purchasing power of all consumers. To add to the difficulties of the industry there was a lack of proper regulation of imports of oil, as well as widespread discrimination by pipe-line companies between the various producers. The price of crude oil paid to the producer was in many areas below the actual cost of production.

The result of all of these destructive influences was to create conditions for the owners and operators of three hundred thousand wells in the United States, which, if not corrected, would lead to the abandonment of these wells, the ruin of the industry and the unemployment of additional millions of our citizens employed in the industry and in related industries.

The public itself had a deep interest in this essential natural re-

The Oil Industry Emergency

source, which was limited in quantity by nature and which was dwindling from day to day because of unscientific management and surplus production. The State and Federal Governments had an additional particular interest in this industry, since a very large proportion of their tax receipts came from gasoline and other petroleum products. It had become clear that State regulatory bodies and the leaders of the oil industry themselves were unable to find a way to balance supply and demand, and to cure the ills of the industry. They had sought for years in vain to find the means of control or limitation of production, which would assure a continuing adequate domestic supply of oil and at the same time would not exceed actual consumption requirements.

This huge industry, consisting of about fourteen billion dollars of invested capital, a million and a half of stock- and bondholders and royalty owners, a million and a quarter employed workers, was rapidly falling into collapse.

On March 15, 1933, the Secretary of the Interior telephoned the Governors of California, Oklahoma, Kansas and Texas, inviting them to meet with him on March 27, 1933, to discuss the oil situation. Thereafter, similar invitations were extended to the Governors of the other oil-producing States. The purpose of the conference, as announced in these invitations, was "to see if anything could be done within the law to limit production of oil to

the number of barrels that would assure a fair price to producers and put the industry on a sound basis." An invitation was also extended to representatives of the oil industry to be available for consultation. The conference was attended by the Governor of Kansas and by representatives of the Governors of Texas, California, Oklahoma, Louisiana, Wyoming, Pennsylvania, New Mexico, Colorado, Arkansas, Kentucky, Montana, New York, Ohio, West Virginia, Illinois and Rhode Island.

Three committees representing respectively the oil-producing States, the independent producers and the major producing companies united in submitting a report to the Secretary of the Interior on March 29, 1933, which recommended a program of action. The major recommendations were: (1) that I transmit the report to the Governors of the principal oil-producing States urging the States to adopt an adequate general conservation statute in order to promote full cooperation between the States, and in the meantime to close down all flush pools until April 15th next, except those which would be damaged irreparably by water; (2) that Federal legislation be enacted, prohibiting the transportation in interstate and foreign commerce of any oil or oil products produced or manufactured in any State, in violation of the laws of that State; (3) that the gasoline tax and pipe-line tax be strictly enforced; (4) that the oil-

Civilian Conservation Corps

producing States should reach an agreement with each other as to the total market demand for crude petroleum and a proper allocation of this demand as between producing States. Pending a more complete study of the subject, it was recommended that oil production in the United States for the time being should be limited to two million barrels per day, allocated as follows: Texas, 786,242 barrels; Oklahoma, 417,690 barrels; California, 432,432 barrels; Kansas, 93,000 barrels; and the other States the balance of 270,270 barrels.

A separate minority report was also submitted by a group of those in attendance, acting as the Inde-

pendent Petroleum Association Opposed to Monopoly, relating to the charges and practices of pipe-line companies and recommending the divorcement of pipe lines engaged in interstate commerce from other branches of the industry.

I enclosed in my foregoing letter to the Governors of the important oil-producing States the reports which had been submitted to the Secretary of the Interior. I suggested that the various States should take action upon some of the recommendations for action by the States, and stated that I was prepared to act upon several of the recommendations for action by the Federal Government. (See Item 62, this volume.)

31 ¶ The Civilian Conservation Corps Is Started. Executive Order No. 6101. April 5, 1933

BY VIRTUE of the authority vested in me by the Act of Congress entitled "An Act for the relief of unemployment through the performance of useful public work, and for other purposes," approved March 31, 1933 (Public No. 5, 73d Congress), it is hereby ordered that:

(1) For the purpose of carrying out the provisions of said Act Robert Fechner is hereby appointed Director of Emergency Conservation Work at an annual rate of compensation of \$12,000, less the reduction prescribed in subparagraph (b), Section 2, Title II, of the Act of Congress entitled "An Act to maintain the credit of the United States Government" (Public No. 2, 73d Congress), approved March 20, 1933.

(2) The Secretary of War, the Secretary of Agriculture, the Secretary of the Interior, and the Secretary of Labor each shall appoint a representative, and said representatives shall constitute

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an Advisory Council to the Director of Emergency Conservation Work.

(3) There is hereby established in the Treasury a fund of \$10,000,000 by the transfer of an equal amount from the unobligated balances of the appropriation for emergency construction of public buildings contained in the act approved July 21, 1932, as authorized by Section 4 of the said Act of March 31, 1933, which fund shall be subject to requisition by the said Robert Fechner, as Director of Emergency Conservation Work, on the approval of the President.

(4) Subject to direction by the President, supplies and materials of the several departments or establishments shall be furnished on the requisition of the Director of Emergency Conservation Work, and the departments and establishments furnishing such supplies and materials shall be reimbursed therefor in accordance with instructions of the President.

(5) Reimbursement, if any, to the departments or establishments for other services rendered shall be made in accordance with instructions of the President.

NOTE: The foregoing Executive Order was issued by me pursuant to the authority of Pub. No. 5, 73d Congress, entitled "An Act for the relief of unemployment through the performance of useful public works and other purposes" (see Item 21, this volume; also Press Conferences, Items 18 and 27 of this volume). It set up the Civilian Conservation Corps (C.C.C.). Mr. Robert Fechner was named the Director and is still the Director.

The purpose of the Advisory Council named in the order was to obtain for the Director the assistance and continued cooperation of the four Government departments

which have been used in the launching and subsequent operation of the program — War, Interior, Agriculture and Labor.

For a successful program it was necessary that camps be established quickly and be extended throughout the Nation; that worth-while projects be planned, with careful and efficient supervision of all work done. It was necessary also speedily to set up machinery for the rapid selection and enrollment of young men and their transportation to camp sites; and to supply all the camps with food, clothes, bedding and all the other supplies needed in the operation of almost fifteen hun-

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dred camps containing about two hundred men each.

The Department of Labor was charged with the task of selecting the enrollees and sending them to the War Department for enrollment. The actual work of selection of men has been carried out in the various States, usually by the State relief and welfare organizations. The Veterans Administration was the agency given the task of selecting war veterans.

To the War Department was given the job of paying, housing, clothing and feeding the men of the camps. Executive Order No. 6106-A, April 10, 1933, designated the Chief of Finance of the War Department as the fiscal officer for the Civilian Conservation Corps. The Quartermaster General of the Army contracts for all clothing, subsistence, supplies and materials, and the Surgeon General is in charge of the hospitalization and health of the members of the camp. Executive Order No. 6131-A, May 13, 1933, attached 169 Naval surgeons on duty as medical attendants as a unit of the Corps; Executive Order No. 6148, May 31, 1933, ordered other Naval medical and dental officers for duty in the camps.

To the Departments of Agriculture and Interior were given the tasks of planning the work projects, recommending camp locations and supervising the work programs.

Every one of these departments cooperated in getting the C.C.C. off to a quick start. Two days after the

foregoing Executive Order, the first man was selected by the Department of Labor and enrolled by the War Department. Ten days later the first camp was set up by the War Department in George Washington National Forest, Virginia, and work began.

The first call for men, issued on April 3, 1933, was for 25,000. For the first year I authorized enrollment of 250,000 juniors and about 25,000 experienced men to be selected from the neighborhoods where camps were located. Later, by Executive Order No. 6129, dated May 11, 1933, I authorized enrollment of 25,000 veterans of the World War, under regular enrollment conditions but as a separate and distinctive part of the organization.

Executive Order No. 6109, dated April 12, 1933, fixed the cash allowance of each member of the Corps at \$30.00 per month. Enrollments were to be for six months and out of the young man's allowance an allotment was sent to his family, usually \$25.00 of his allowance.

By Executive Order No. 6160, dated June 7, 1933, I provided for pay increases to \$36.00 a month for 8 percent of the enrollees and \$45.00 per month for 5 percent of the enrollees, which was recognition for effort and leadership. These men were placed in key positions after gaining the necessary experience.

A total of 1,468 camps was authorized for the first enrollment. The members to be eligible had to

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be unemployed, unmarried, between the ages of eighteen and twenty-five, of good character and willing to allot to their dependents this substantial portion of their cash allowance.

By early July, three months after the first man had enrolled, 250,000 enrollees, 25,000 war veterans and 25,000 experienced woodsmen were settled in 1,468 forest and park camps of 200 men each, in every State of the Nation. It was the most rapid large-scale mobilization of men in our history.

Executive Order No. 6135, dated May 20, 1933, provided for the purchase of national forest lands for the purpose of enlarging the forest domain of the United States, and to provide work for the members of the Corps in forest preservation and conservation. On the same day Executive Order No. 6136 extended the application of the Act to useful

public work in county parks and municipal parks. Executive Order No. 6160, dated June 7, 1933, set aside a fund of \$20,000,000 for the purchase of forest lands within forty-two national forest preserve areas.

Further authorizations for the purchase of land were contained in Executive Order No. 6237, July 28, 1933 (for Great Smoky Mountains National Park); Executive Order No. 6542, December 28, 1933 (for Great Smoky Mountains, Shenandoah and Mammoth Cave National Parks) and in other later Executive Orders. Executive Orders No. 6684, April 19, 1934, and No. 6724, May 28, 1934, and No. 6766, June 29, 1934, allocated funds to be used by the C.C.C. in restoration, acquisition, improvement and development of wild-life refuges.

See Item 113, this volume, for further discussion of C.C.C.

32 ¶ White House Statement on the Return of Hoarded Gold to the Federal Reserve Banks.

April 5, 1933

IN THE past weeks the country has given a remarkable demonstration of confidence. With the reopening of a majority of the banks of the country, currency in excess of \$1,200,000,000, of which more than \$600,000,000 was in the form of gold and gold certificates, has been returned to the Federal Reserve Banks.

Many persons throughout the United States have hastened to turn in gold in their possession as an expression of their faith in the Government and as a result of their desire to be helpful in

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the emergency. There are others, however, who have waited for the Government to issue a formal order for the return of gold in their possession. Such an order is being issued today.

The order authorizes the Secretary of the Treasury to issue licenses for obtaining gold for industrial requirements, exportation of gold for trade purposes, and other legitimate needs not involving hoarding. With these exceptions, the order requires all persons to deliver to one of the Federal Reserve Banks, branches, or agencies, or to a member bank, in exchange for other currency, their gold coin, gold bullion, and gold certificates other than gold coin and gold certificates not exceeding \$100 and gold coin having a recognized special value to collectors of rare and unusual coins. While the order is in effect persons who come into possession of gold not covered by the exceptions set forth in the order will also be required to exchange it for other currency. The order is limited to the period of the emergency.

The chief purpose of the order is to restore to the country's reserves gold held for hoarding and the withholding of which under existing conditions does not promote the public interest.

33 ¶ Gold Coin, Gold Bullion and Gold Certificates Are Required to Be Delivered to the Government. Executive Order No. 6102.

April 5, 1933

BY VIRTUE of the authority vested in me by Section 5 (b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates

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within the continental United States by individuals, partnerships, associations and corporations and hereby prescribe the following regulations for carrying out the purposes of this order:

Section 1. For the purposes of this regulation, the term "hoarding" means the withdrawal and withholding of gold coin, gold bullion or gold certificates from the recognized and customary channels of trade. The term "person" means any individual, partnership, association or corporation.

Section 2. All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve Bank or a branch or agency thereof or to any member bank of the Federal Reserve System all gold coin, gold bullion and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

(a) Such amount of gold as may be required for legitimate and customary use in industry, profession or art within a reasonable time, including gold prior to refining and stocks of gold in reasonable amounts for the usual trade requirements of owners mining and refining such gold.

(b) Gold coin and gold certificates in an amount not exceeding in the aggregate \$100 belonging to any one person; and gold coins having a recognized special value to collectors of rare and unusual coins.

(c) Gold coin and bullion earmarked or held in trust for a recognized foreign Government or foreign central bank or the Bank for International Settlements.

(d) Gold coin and bullion licensed for other proper transactions (not involving hoarding) including gold coin and bullion imported for reexport or held pending action on applications for export licenses.

Section 3. Until otherwise ordered any person becoming the owner of any gold coin, gold bullion, or gold certificates after April 28, 1933, shall, within three days after receipt thereof, deliver the same in the manner prescribed in Section 2; unless such gold coin, gold bullion or gold certificates are held for any of the

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purposes specified in paragraphs (a), (b), or (c) of Section 2; or unless such gold coin or gold bullion is held for purposes specified in paragraph (d) of Section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereon.

Section 4. Upon receipt of gold coin, gold bullion or gold certificates delivered to it in accordance with Sections 2 or 3, the Federal Reserve Bank or member bank will pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States.

Section 5. Member banks shall deliver all gold coin, gold bullion and gold certificates owned or received by them (other than as exempted under the provisions of Section 2) to the Federal Reserve Banks of their respective districts and receive credit or payment therefor.

Section 6. The Secretary of the Treasury, out of the sum made available to the President by Section 501 of the Act of March 9, 1933, will in all proper cases pay the reasonable costs of transportation of gold coin, gold bullion or gold certificates delivered to a member bank or Federal Reserve Bank in accordance with Section 2, 3, or 5 hereof, including the cost of insurance, protection, and such other incidental costs as may be necessary, upon production of satisfactory evidence of such costs. Voucher forms for this purpose may be procured from Federal Reserve Banks.

Section 7. In cases where the delivery of gold coin, gold bullion or gold certificates by the owners thereof within the time set forth above will involve extraordinary hardship or difficulty, the Secretary of the Treasury may, in his discretion, extend the time within which such delivery must be made. Applications for such extensions must be made in writing under oath, addressed to the Secretary of the Treasury and filed with a Federal Reserve Bank. Each application must state the date to which the extension is desired, the amount and location of the gold coin, gold bullion and gold certificates in respect of which such application is made and the facts showing extension to be necessary to avoid extraordinary hardship or difficulty.

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Section 8. The Secretary of the Treasury is hereby authorized and empowered to issue such further regulations as he may deem necessary to carry out the purposes of this order and to issue licenses thereunder, through such officers or agencies as he may designate, including licenses permitting the Federal Reserve Banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency or credit, to deliver, earmark or hold in trust gold coin and bullion to or for persons showing the need for the same for any of the purposes specified in paragraphs (a), (c) and (d) of Section 2 of these regulations.

Section 9. Whoever willfully violates any provision of this Executive Order or of these regulations or of any rule, regulation or license issued thereunder may be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order and these regulations may be modified or revoked at any time.

NOTE: For a summary of the objectives and policies of the Administration with respect to gold and to the monetary system see note to Item 16, Vol. III.

We have seen the results of the action of the Federal Reserve Board in asking publicly for the lists of persons who had recently withdrawn gold or gold certificates and had not redeposited them (see Item 8, this volume). That action caused to be returned a great deal of withdrawn gold and gold certificates. As was stated, however, in the statement accompanying this Executive Order (see Item 32, this volume),

there were some persons who had been waiting for the Government to issue a formal order directing the return of gold in their possession. This Executive Order was, accordingly, issued, requiring all holdings of gold coin, gold bullion, and gold certificates (with certain exceptions) to be delivered by May 1, 1933, to the Federal Reserve Banks.

This order served to prevent the accumulation of private gold hoards in the United States and to replenish further our gold reserves which had been dissipated through the months of uneasiness and weeks of actual panic. It served as a means

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for further strengthening our banking structure and preventing the possibility of a recurring threat. It was the first step also to that complete control of all monetary gold in the United States, which was essential in order to give the Government that element of freedom of action which was necessary as the very basis of its monetary goal and objective. It was a step toward the fulfillment of the Democratic National Platform of 1932 pledging "a sound currency to be preserved at all hazards."

The Executive Order No. 6073 of March 10, 1933 (see Item 13, this volume), had permitted the Secretary of the Treasury to issue regulations or licenses with respect to gold exports. On March 13th, the Secretary of the Treasury, by regulation, authorized the Federal Reserve Banks temporarily to deliver gold in amounts deemed by such banks "to be reasonably required for legitimate and customary uses in trade, profession or art." The Executive Order No. 6102 of April 5, 1933 (to which this note is appended), which, as has been seen, required the delivery of gold, made an exception of gold coin and bullion "held pending action on applications for export licenses."

It thus continued to be possible for banks and other financial institutions to obtain gold in settlement of business debts contracted abroad; and these operations coupled, of course, with the comparable restrictions on foreign exchange transac-

tions, had the result of maintaining the previous relationship between the dollar and foreign currencies. In this connection, it must be borne in mind that the statutory gold content of the dollar had not yet been changed and the quantity of gold delivered for export in exchange for a given number of dollars had, accordingly, continued to be the same as it had been previously. The result was that there had been no significant change in the foreign exchange value of the dollar in terms of other currencies—that is, in the number of dollars that it would take to buy some other currency as, for example, a franc, a pound or a mark.

On April 19, 1933, however, the Secretary of the Treasury announced that no further licenses to export gold for foreign account would be granted until further notice. The same action was taken with respect to gold "earmarked" for foreign account, with the exception that gold earmarked prior to March 6, 1933, for the account of foreign central banks and for the Bank for International Settlements could be exported under license. The effect of this action was, for the first time, to withdraw the support of gold shipments from the foreign exchange value of the dollar, with the result that thereafter the progressive decline of the dollar in terms of foreign currency took place; that is, it became possible to buy more dollars with the francs, pounds, or marks which our foreign customers had

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available to use for making purchases of American products.

The fact has been widely overlooked that the various phases of suspension of specie payment on March 6 and 10, and April 19, 1933, constituted devaluation in fact, which was immediately accompanied by a rise in commodity prices. The full extent of the devaluation, however, was not felt or actually determined until formal

devaluation in law took place on January 31, 1934.

This announcement of April 19, 1933, by the Secretary of the Treasury limited the effect of Executive Order No. 6073 of March 10, 1933, in regard to gold exports and was preliminary to the Executive Order of April 20th, which redefined the export and license privilege. (See Items 42 and 120 of this volume.)

34 ¶ An Invitation to Ramsay MacDonald to Visit the United States to Discuss the World Economic Situation. April 6, 1933

EVER since my conversations with the British Ambassador at Warm Springs, I have been hopeful that you might find it possible to visit Washington. I should particularly welcome such a visit in the near future, as the preparations for the World Economic Conference, of which you are to be President, are entering a more intensive stage and because of the need for making further progress toward practical disarmament. In my judgment the world situation calls for realistic action; the people themselves in every Nation ask it. I therefore hope that you will find yourself free to come to Washington during the present month. If you can come, I trust that you will stay with us at the White House and bring with you any of your family you may desire.

NOTE: The platform of the National Democratic Party in 1932 advocated "An international economic conference designed to restore international trade and facilitate exchange."

One of the first things which I

undertook after Inauguration was to lay the groundwork for such a conference through preliminary conversations and exchanges of points of view with the heads of other Governments.

Some preliminary work had al-

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ready been done. In August, 1932, the United States agreed to be represented upon an Organizing Committee and upon a Preparatory Committee of Experts charged with the duty of making a preliminary examination of matters to be submitted to the Conference on Monetary and Economic Questions convoked by the League of Nations. This Preparatory Committee prepared agenda in which it summarized the problems which had been facing the Nations of the world, requiring "a broad solution by concerted action along the whole front," as follows:

1. World unemployment
2. Decline of wholesale commodity and raw material prices
3. Accumulation of surpluses of world stocks, of agricultural products and other raw materials
4. Curtailment of industrial production, particularly in industries producing capital equipment
5. The reduction of international trade, "hindered by currency disorders and restricted by a multiplicity of new governmental interventions"
6. Consequent decline of national incomes throughout the world and drastic reductions in revenues of Governments, creating budget deficits
7. Abandonment of the gold standard by almost one-half of the countries of the world
8. Inability of many Governments to meet the requirements of their external debt service.

The Committee presented annotated agenda on the following subjects:

1. Monetary and credit policy
2. Prices
3. Resumption of the movement of capital
4. Restrictions on international trade
5. Tariff and treaty policy
6. Organization of production and trade.

The purpose of mentioning the foregoing is to show, in the light of subsequent developments, the wide range of subjects — economic, financial, commercial and social — which were included in the original program of this Conference. In these vast agenda, financial and monetary problems were only a part, and stabilization of exchange rates between England, France and the United States formed but a fraction of this part.

The foregoing invitation to Prime Minister MacDonald was one of many which I extended to the governing heads of other Nations. During April and May we were honored as a result of these invitations by visits from the leading Government officials of Great Britain, Canada, France, Italy, Argentina, Germany, Mexico, China, Brazil, Japan, and Chile.

After each conference with these representative officials, a joint statement was issued. These statements (appearing as Items 43, 43A, 43B, 43C, 43D, 45, 45A, 46, 46A, 49, 53, 60, 61, 64, 65, and 68 of this volume) show that our conversations related to many subjects over a wide and varied field. In no sense can it be said that they were confined to

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stabilization of currency. On the contrary, they related far more to the removal of trade barriers and the general application of worldwide remedies to common worldwide problems. This is important in view of the later developments at the Conference. For a correct understanding this cannot be too strongly emphasized.

In addition to these invitations, invitations were extended also to forty-two other Nations to exchange fully and frankly, through the heads of their diplomatic missions in the United States, viewpoints on problems of common interest to the Nations participating in the Conference.

35 ¶ The Tenth Press Conference. April 7, 1933

(Miscellaneous appointments announced — Employment as result of beer legislation — Inflation and deflation.)

THE PRESIDENT: I understand that in some mysterious and subterranean way you got the suggestion that Frank Murphy is going as Governor to the Philippines. I guess you are right.

Q. Frank Murphy of Detroit?

THE PRESIDENT: Yes, Mayor of Detroit.

Q. When will he go?

THE PRESIDENT: I don't think I have sent the nomination yet. It will go up Monday.

Q. Does that mean that Homer Cummings will stay as Attorney General?

THE PRESIDENT: Yes. And then somebody guessed that Chip Robert is going in as Assistant Secretary of the Treasury. That is right too.

I cannot tell you anything about diplomatic appointments because there are two or three on the way and we have not heard from the foreign countries as yet. . . .

Q. Have you been able to cash that first pay check?

THE PRESIDENT: Yes, I cashed it and I am sending back my 15 per-cent.

Q. What is that?

THE PRESIDENT: Dollars — \$843.75. And I am also sending my dues to the National Press Club.

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Q. That is foolish.

Q. That is on your first month's pay, is it?

THE PRESIDENT: Up to the first of April. . . .

Q. Would you like to make some comment on the effect on employment by reason of the production of beer?

THE PRESIDENT: Nothing. Maybe later on this evening, I may.

Q. I can right now. (*Laughter*)

Q. How many cases have you gotten thus far?

THE PRESIDENT: I can't say anything on the record. But all reports we are getting in is that the actual employment that has resulted from the manufacture of beer is bigger than the estimate; and the amount of beer manufactured during the month is running away ahead of the Treasury estimates.

Q. I want to thank you for sending the beer to the Press Club.

THE PRESIDENT: It got there all right? Fine.

Q. There have been reports of the Administration coming around again to inflation and I wonder if you will say something about that—I mean actual inflation of the currency.

THE PRESIDENT: No, not putting it that way. I will tell you, off the record, about the problem. After all, you ought to know it. It is an old story.

So much of the legislation we have had this spring is of a deflationary character, in the sense that it locks up money or prevents the flow of money, that we are faced with the problem of offsetting that in some way. I would not say "inflation of the currency," because that is not the necessary meaning.

You see, upon the closing of the banks we put away somewhere around four billion dollars. It was probably locked up before, but people did not know it. Now it is locked up, and people do know it. That is deflationary.

The effect of cutting very nearly a billion dollars off the Government payroll, including the veterans' cuts, cutting down of departments and cutting off 15 percent of employees' pay—it would probably run to perhaps not quite a billion dollars but very nearly that—means that much loss in the

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flow of money. That is deflationary. (See Items 12, 28, 51, 63, 69 and 71A of this volume.)

Now, on the other side of the picture, we have C.C.C. (see Items 21, 31, 90 and 113 of this volume) giving employment to about 250,000 people in the forests and on works of various kinds. That is only \$250,000,000 as an offset. Then there is \$500,000,000 as an offset on direct relief to the States. (See Items 21, 55 and 75 of this volume.) That means we have not yet caught up with the deflation that we have already caused. Therefore, of course, we are going to talk about methods to give more people work or to raise commodity prices, which would . . .

Q. The Farm Bill would do it.

THE PRESIDENT: The Farm Bill would do it, of course, because it will raise commodity prices. (See Items 20 and 54 of this volume.) The Farm Mortgage Bill (see Items 22, 22A, 29, and 54 of this volume) and the Home Credit Bill (see Items 39 and 74 of this volume) will help because they will cut down the debt obligations of the small, individual family man—the home man. That is all to the good.

Q. Lower rentals . . .

THE PRESIDENT: But the question is whether all those things are really inflationary. They are helpful.

Q. Might we have an expression from you that there is no disposition on the part of the Administration to inflate the currency itself? I mean to print currency in a manner other than has been done.

THE PRESIDENT: What do you mean, start the printing presses?

Q. Yes.

THE PRESIDENT: Off the record, we are not going to start the printing presses. That is silly.

Q. Mr. President, are you ready to define what you consider a sound currency as expressed in your Inaugural Message? In your Inaugural Message you said you were going to stand for a sound currency.

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THE PRESIDENT: I am not going to write a book on it.

Q. Can you say how much the public works program will overcome the five-billion-dollar deflation which you have mentioned?

THE PRESIDENT: That is very hard to tell. You can figure it twenty different ways. I don't know.

Q. Has any consideration been given to paying off deposits in closed banks or, rather, to facilitate the paying off of deposits?

THE PRESIDENT: Yes, we are talking about that now.

Q. Couldn't you allow us to discuss this on our own authority — what you have stated about inflation and deflation? You said it was off the record.

THE PRESIDENT: It has been printed lots and lots of times. There is nothing new in it. We know that a great many of the measures have been deflationary; and we know too that a few of the measures have been somewhat inflationary in the sense of giving people work. But we know that we have not yet got to the point of equalizing; and that we probably must do more. I don't like the word "inflationary" because no two people agree on the definition of it. It is better to say that we have got to do something more to give people more work.

Q. May we use that as background?

THE PRESIDENT: I think so.

Q. That is, this last part?

Q. Your whole discussion or just what you said last?

THE PRESIDENT: No, just what I said last. I will hold it down to that. . . .

36 ¶ A Suggestion for Legislation to Create the Tennessee Valley Authority. April 10, 1933

To the Congress:

THE continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people.

It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

I, therefore, suggest to the Congress legislation to create a Tennessee Valley Authority, a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise. It should be charged with the broadest duty of planning for the proper use, conservation and development of the natural resources of the Tennessee River drainage basin and its adjoining territory for the general social and economic welfare of the Nation. This Authority should also be clothed with the necessary power to carry these plans into effect. Its duty should be the rehabilitation of the Muscle Shoals development and the coordination of it with the wider plan.

Many hard lessons have taught us the human waste that results from lack of planning. Here and there a few wise cities and counties have looked ahead and planned. But our Nation has "just grown." It is time to extend planning to a wider field, in this instance comprehending in one great project many States directly concerned with the basin of one of our greatest rivers.

This in a true sense is a return to the spirit and vision of the

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pioneer. If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders.

NOTE: As Governor of New York I had sponsored and brought about a statewide planning movement to be based on a study of the proper use of the 30,000,000 acres of land in the State, in which each ten-acre square would be separately studied and classified. Up to that time although many cities, weary of "growing up like Topsy," had begun to plan their future growth and development, little on a very large scale had been done for country areas.

Before coming to Washington, I had determined to initiate a land-use experiment embracing many States in the watershed of the Tennessee River. It was regional planning on a scale never before attempted in history. In January, 1933, I visited Muscle Shoals with a group of officials and experts; and thereafter planned for the development of the entire Tennessee Valley by means of a public authority similar to public authorities created in New York while I was Governor, e.g., the Power Authority.

This plan, for using the land and waters of these forty-one thousand square miles, fitted in well with the project which had been urged for many years by Senator George W. Norris, for developing power and manufacturing fertilizer at the Wilson Dam properties which the United States had erected during

the World War. We proposed to enlarge the project from the Muscle Shoals development which was but a small part of the potential development, to include a multitude of activities and physical developments.

Pursuant to the foregoing message, the Congress passed the "Tennessee Valley Authority Act of 1933" (Public No. 17, 73d Congress, approved May 18, 1933; 48 Stat. 58). It was amended August 31, 1935, by Public No. 412, 74th Congress (49 Stat. 1075).

The Tennessee Valley Authority (popularly known as TVA) created by this Act was established, in the words of that document, ". . . for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins. . . ."

This note deals with the work of TVA up to October 31, 1937.

The Tennessee Valley Authority is a Federal corporation directed by a board of three members appointed by the President, by and with the advice and consent of the Senate.

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These members of the board were appointed by me: Arthur E. Morgan, Chairman, Harcourt A. Morgan, and David E. Lilienthal.

On June 8, 1933, I issued Executive Order No. 6161, directing TVA to make the surveys, plans, experiments and demonstrations necessary and suitable to aid the proper use and development of the natural resources of the Tennessee River drainage basin and adjoining territory.

The program aiming at the control and proper use of the water resources of the Tennessee River Basin began with the issuance of my Executive Order No. 6162 of June 8, 1933, starting the construction of the Cove Creek Dam (Norris Dam) on the Clinch River, the first of a system of publicly owned dams on the principal tributaries and on the Tennessee itself.

Unified operation of these storage and main-river dams is leveling off the seasonal fluctuations of the river, thereby reducing destructive floods and maintaining a channel suitable for nine-foot navigation from Knoxville, Tennessee, to Paducah, Kentucky. At the same time a valuable by-product in the form of hydro-electric power is being produced as the water is released from the storage dams and as it passes the run-of-river plants on the Tennessee River.

This Tennessee Valley Project was the beginning of the fulfillment of the pledge of the Democratic National Platform of 1932, calling for

the "conservation, development, and use of the Nation's water power in the public interest. . . ."

In fulfillment of its construction program, Norris Dam on the Clinch River, the Authority's first storage project, was completed and placed in operation March 4, 1936. Wheeler Dam, on the Tennessee River, was completed and placed in operation in November, 1936. In the case of Wheeler Dam, I found on taking office that the Army engineers had already prepared plans and were about to ask for bids for its construction, but that these plans contemplated no production of electricity. One of my first acts was to stop construction; and a little later the revised plans under the Tennessee Valley Authority made provision, at a very little extra cost, for very valuable production of electric current.

The Authority now has under construction three more high navigation dams on the Tennessee — Pickwick Landing, Guntersville, and Chickamauga — and one more storage project, Hiwassee Dam on the Hiwassee River.

Following the closure of the gates, the Norris project had occasion to serve in a flood-control capacity during the latter part of March, 1936. On March 30, 1936, the Tennessee reached a 37.1-foot stage at Chattanooga. It is estimated that without Norris Dam, the river at Chattanooga would have reached a stage of about 41 feet, with conse-

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quent flooding of 1,000 acres of city property.

During the period from December 18, 1936, to February 15, 1937, eight distinct periods of severe rainfall occurred in the Tennessee Valley, most of them a part of or contemporaneous with the storms that caused the 1937 Ohio River flood disaster. The benefit of regulation afforded by Norris Dam during these storm periods was experienced again and again at Chattanooga, where on four occasions the augmented flow of the Tennessee would have risen above flood stage. On January 4, 1937, the stage of the river was reduced 5.0 feet; on January 20, 5.0 feet; on January 26, 4.4 feet; and on February 11, 2.9 feet. Under the circumstances, the river exceeded flood stage on January 4 only, and then but moderately.

While these high water periods existed on the Tennessee, a flood of unprecedented size developed on the Ohio River. During the fifteen-day period when the Ohio River at Cairo, Illinois, was above the critical stage of 58 feet, 964,000 acre-feet of water were stored in Norris and Wheeler reservoirs. This represents an average reduction of about 32,000 cubic feet per second from the flood flow of the Tennessee River, and probably reduced the maximum stages at Cairo by nearly half a foot.

In conjunction with its construction program, the Authority has erected several small communities to house its workers. The perma-

nent town of Norris, made up of dormitories for single workers and residential accommodations for 350 families, was erected near the site of Norris Dam. Smaller temporary villages have been erected at the Wheeler, Pickwick Landing, and Guntersville projects also.

Control of water means also conservation and preservation of land resources. The Authority is making peace-time use of Nitrate Plant No. 2 electric furnaces in the production of phosphatic fertilizers. These cheaper and more effective plant foods have been tested by the Agricultural Experiment Stations of the seven Tennessee Valley States. Such is the national need and interest, however, that experiment stations and research agencies in twenty-six other non-Valley States have requested sample lots of these new plant foods for testing purposes.

Practical tests and demonstrations of these fertilizers beyond the experimental stage are being carried out by public-spirited farmers in the region under the supervision of their State Agricultural Extension Services. County Soil Conservation Clubs made up of the farmers themselves select those farms on which the tests are to be made. Thus far, such practical demonstrations are in progress on 23,751 farms, the acreage of which is 3,278,665 acres. Over 61,400 tons of TVA phosphatic fertilizers have been distributed for test purposes.

In furtherance of erosion control,

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the County Soil Conservation Clubs are following the practice of purchasing mechanical terracing equipment and renting the units by the day to the individual farmers. Fifty-five terracing units are now at work in the Tennessee Valley and thus far over 285,900 acres have been terraced.

Erosion control and reforestation on steeper land in the Tennessee watershed are being carried forward by C.C.C. labor from over a score of camps that have been placed under the direction of the Authority. Treatment, dependent upon specific conditions, includes the building of check dams across gullies, laying of brush matting for bank protection, diversion ditching, sowing of lespedeza, Bermuda grass, or other protective vegetative cover, construction of terrace outlets, and the planting of trees.

Besides treatment of the shore lines of Norris and Wheeler reservoirs for erosion control, control operations have been carried out on farms having a total acreage of 701,631 acres. In reforestation work, 35,600,000 trees have been planted, and about 20,000,000 more are ready for planting during the winter of 1937. To further this forestry work, TVA has established three nurseries having a combined ultimate annual output of 42,000,000 young trees. Experiments looking to the improvement and use of crop-bearing trees such as honey locust, persimmon, and chestnut, in connection with erosion control and in-

expensive stock-feeding practices, are well under way.

Basic in the readjustment of farm life to bring about natural storage of water on the land is the wider use of electric energy. The Congress, in adopting the TVA Act of 1933, laid down a definite policy to govern the Authority in disposing of this surplus power. To secure the widest use of this surplus power, especially in homes and on farms, Congress provided that in the sale of electricity, public agencies, States, counties, municipalities, and cooperative organizations were to be given priority.

Electric energy is being generated by the Authority at Wilson, Wheeler, and Norris Dams. The energy produced is being used in the construction of new dams, operation of navigation locks, and in the operation of electric furnaces at Nitrate Plant No. 2. The surplus power is being sold at wholesale to seventeen municipalities, fifteen cooperative power associations, and nine industrial plants. A small portion is being sold directly by TVA temporarily to four rural power districts and to employees living on Government properties. With service pending completion of arrangements for transmission and distribution, additional contracts have been closed with nine municipalities, including such cities as Memphis, Chattanooga, and Knoxville, one cooperative power association, three large industries, and one private power company. Revenues from sale of

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this surplus power amount to \$856,636 for year ending June 30, 1934; \$560,614 for year ending June 30, 1935; \$1,170,537 for year ending June 30, 1936; \$1,654,025 for year ending June 30, 1937; and \$639,841 for the four months' period ending October 31, 1937—a total of \$4,881,653.

The Authority's right to sell surplus power from Wilson Dam was upheld by the United States Supreme Court on February 17, 1936.

The Tennessee Valley Authority Act requires that Nitrate Plant No. 2 at Muscle Shoals be maintained in stand-by condition in event of national emergency. This is being done. At this plant experiments are being conducted with phosphorus for military purposes. Studies are also being made in the development of manganese and other mineral deposits of the valley which, besides being potentially useful to industry, fit into the national program.

An intensive geological survey of the region is being made to determine its mineral resources and the practicality of their use for initiating industries suitable to the region. Industries which do not compete with other sections of the country form the goal of this effort to secure a proper balance between agriculture and industry.

The Authority has established a laboratory at Norris which is experimenting with the electric-firing method for the production of porcelain from kaolin deposits located in the Tennessee Valley. Experiments

have been highly successful and point toward the development in America of high-grade china and porcelain ware which can compete with present importations from Europe and Japan. The findings of the TVA laboratory are made available to private industry.

As a demonstration in correct forest management, the Authority is operating the 117,000 acres of protective shoreline strip surrounding Norris Lake on a forest-economy basis. The project indicates how rural families can live off the land and at the same time secure supplemental income from part-time employment in forest work.

The Tennessee Valley Authority has adopted a definite policy of collaboration and cooperation with the various State and local governments in the Tennessee Valley area. This policy has been based upon the realization of the advantages of preserving and encouraging local initiative. The Authority—in its programs in the fields of water control, land conservation, utilization of surplus power, and regional planning—has been guided by a desire to avoid creating a feeling of dependence upon the Federal Government by the local community.

It has realized that the value and permanence of the effects of its work will be increased if the local people and local institutions cooperate in the development rather than merely permit the development to be imposed upon them. It

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appreciates that neither its statutory powers nor its limited appropriations will enable it to carry through the entire program of regional development without the help of existing Government agencies.

Cooperation has been particularly important in the following fields:

In plant food experimentation and development, there has been cooperation with the State land-grant colleges in the Valley and with the agricultural extension services and county agencies.

In the local health activities, the Authority has given financial aid to county health departments where they already existed, and has stimulated the formation of such departments where there had been none.

In the field of education, the Authority has taken a leading part in the formation of the Tennessee Valley Council on Education and Public Administration which is devoted to a study of the educational problems and techniques for handling them. It has employed existing facilities of county and municipal agencies in furnishing education for the children of its employees and in the adult education of its employees. Where projects have been so located that the Authority has had to build its own schools, the facilities have been made available to the local authorities for other students.

In conservation of fish and game,

it has furnished facilities to the local authorities; but has left the administration of a propagation and protective program to the local State departments and appropriate Federal bureaus.

It has made available certain of its reservoir areas for park development and has assisted in State and county planning.

By cooperation of this type with the existing educational, agricultural, conservation, public works, and planning agencies of the Tennessee Valley, the Authority has been able to prosecute its program more effectively and to move toward its goal of strengthening, rather than weakening, local institutions and initiative.

The Authority is also conducting experiments and demonstrations in cooperation with state experimental stations in the development of new types of farm equipment and processes applicable to the electrified farm. Among the equipment now being worked on are improved seed harvesters, hay dryers, feed-grinding mills, and large walk-in coolers for community refrigerating service. Among the processes being experimented with in cooperation with other agencies are the freezing of berries and other farm products, the processing of cotton seed and soy beans, improved methods of producing sorghum syrup, the processing of flax fibers, the preparation of nuts for the market, and the dehydration of fruits and vegetables. The object is not only to create new in-

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come for the farmer, but to point out possible savings as well.

Since the transformation of the Tennessee River into a navigable waterway creates a new transportation system, a study covering comparative rates, speeds, and the general effect upon the economic rehabilitation of the region is being made.

As a demonstration of proper land use, the Authority has established in conjunction with the National Park Service and the C.C.C. two forest recreation parks of about 4,000 acres each on the shore of Norris Dam reservoir. These parks, both extremely successful, offer such attractions as swimming, boating, fishing, and horseback riding. State and local agencies in the region have been quick to see the possibil-

ities of recreation as an industry in the Southern Appalachian area.

The details of the activities and accomplishments of TVA have been so fully set forth to indicate the immediate and permanent benefits which may come from the proper use of land and water based upon intelligent large-scale planning. Some of the things that have been and will be done in the Tennessee Valley can be repeated in many other regions of the United States. The Tennessee Valley development can serve as an example and an incentive for similar developments. It will be a laboratory for the Nation to learn how to make the most out of its vast resources for the lasting benefit of the average man and woman.

37 ¶ The President Begins to Carry Out the Good-Neighbor Policy. April 12, 1933

Address of the President before the Special Session of the Governing Board of the Pan-American Union on the occasion of the celebration of "Pan-American Day," Washington.

I REJOICE in this opportunity to participate in the celebration of "Pan-American Day" and to extend on behalf of the people of the United States a fraternal greeting to our sister American Republics. The celebration of "Pan-American Day" in this building, dedicated to international good-will and cooperation, exemplifies a unity of thought and purpose among the peoples of this hemisphere. It is a manifestation of the common ideal of mutual helpfulness, sympathetic understanding and spiritual solidarity.

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There is inspiration in the thought that on this day the attention of the citizens of the twenty-one Republics of America is focused on the common ties—historical, cultural, economic, and social—which bind them to one another. Common ideals and a community of interest, together with a spirit of cooperation, have led to the realization that the well-being of one Nation depends in large measure upon the well-being of its neighbors. It is upon these foundations that Pan Americanism has been built.

This celebration commemorates a movement based upon the policy of fraternal cooperation. In my Inaugural Address I stated that I would “dedicate this Nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others—the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors.” Never before has the significance of the words “good neighbor” been so manifest in international relations. Never have the need and benefit of neighborly cooperation in every form of human activity been so evident as they are today.

Friendship among Nations, as among individuals, calls for constructive efforts to muster the forces of humanity in order that an atmosphere of close understanding and cooperation may be cultivated. It involves mutual obligations and responsibilities, for it is only by sympathetic respect for the rights of others and a scrupulous fulfillment of the corresponding obligations by each member of the community that a true fraternity can be maintained.

The essential qualities of a true Pan Americanism must be the same as those which constitute a good neighbor, namely, mutual understanding, and, through such understanding, a sympathetic appreciation of the other’s point of view. It is only in this manner that we can hope to build up a system of which confidence, friendship and good-will are the cornerstones.

In this spirit the people of every Republic on our continent are coming to a deep understanding of the fact that the Monroe Doctrine, of which so much has been written and spoken for more

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than a century, was and is directed at the maintenance of independence by the peoples of the continent. It was aimed and is aimed against the acquisition in any manner of the control of additional territory in this hemisphere by any non-American power.

Hand in hand with this Pan-American doctrine of continental self-defense, the peoples of the American Republics understand more clearly, with the passing years, that the independence of each Republic must recognize the independence of every other Republic. Each one of us must grow by an advancement of civilization and social well-being and not by the acquisition of territory at the expense of any neighbor.

In this spirit of mutual understanding and of cooperation on this continent you and I cannot fail to be disturbed by any armed strife between neighbors. I do not hesitate to say to you, the distinguished members of the Governing Board of the Pan-American Union, that I regard existing conflicts between four of our sister Republics as a backward step.

Your Americanism and mine must be a structure built of confidence, cemented by a sympathy which recognizes only equality and fraternity. It finds its source and being in the hearts of men and dwells in the temple of the intellect.

We all of us have peculiar problems, and, to speak frankly, the interest of our own citizens must, in each instance, come first. But it is equally true that it is of vital importance to every Nation of this Continent that the American Governments, individually, take, without further delay, such action as may be possible to abolish all unnecessary and artificial barriers and restrictions which now hamper the healthy flow of trade between the peoples of the American Republics.

I am glad to deliver this message to you, Gentlemen of the Governing Board of the Pan-American Union, for I look upon the Union as the outward expression of the spiritual unity of the Americas. It is to this unity which must be courageous and vital in its element that humanity must look for one of the great stabilizing influences in world affairs.

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In closing, may I refer to the ceremony which is to take place a little later in the morning at which the Government of Venezuela will present to the Pan-American Union the bust of a great American leader and patriot, Francisco de Miranda. I join with you in this tribute.

NOTE: The Democratic National Platform of 1932 contained this provision: "We advocate a firm foreign policy, including peace with all the world and the settlement of international disputes by arbitration; no interference in the internal affairs of other Nations; the sanctity of treaties and the maintenance of good faith and of good-will in financial obligations; . . . International agreements for reduction of armaments and cooperation with Nations of the Western Hemisphere to maintain the spirit of the Monroe Doctrine."

In my first Inaugural Address (Item 1, this volume), I stated that "In the field of world policy, I would dedicate this Nation to the policy of the good neighbor." . . .

The first opportunity which I had further to develop this thought was at a meeting of the Governing Board of the Pan-American Union, at which I made the foregoing address, which was broadcast in English, and rebroadcast in Portuguese and Spanish.

I sought there to express in simple terms my conception of what the relationship among the twenty-one Republics on the Western Hemisphere should be.

The policy and conduct of the Administration has from its inception been that of the good neighbor to the other American Nations. I think I can say that our neighbors in Central and South America had formerly regarded us with resentment and suspicion—resentment because of some of our armed activities in the past often actuated by dollar diplomacy, and suspicion because of our supposed imperialistic designs based upon our superior size and strength. There was a barrier between us of antagonism, misunderstanding and prejudice.

I believe that after nearly three years, I did not exaggerate when I stated in my Message to the Congress of January 3, 1936 (Item 1, Vol. V): "At no time in the four and one-half centuries of modern civilization in the Americas has there existed—in any year, any decade or any generation in all that time—a greater spirit of mutual understanding, of common helpfulness and a devotion to the ideals of self-government than exists today in the twenty-one American Republics." . . .

The change between the attitude of our neighbors on this continent in 1933 and their attitude today was caused by a series of acts, trea-

State Minimum Wage Legislation

ties, conferences and interchanges of views which proved to them that the United States had no desire to intervene in their affairs, that it was intent upon respecting the rights of the other Nations on this hemisphere, and that its conduct toward those neighbors would never be anything which could not be justified under the law of Nations or approved by the conscience of America.

In no part of the world has this

policy been carried forward more vigorously, and nowhere has it brought more gratifying results. There has resulted on the Western Hemisphere a new era among Nations, characterized by confidence and mutual helpfulness.

The first opportunity which was presented to put the words "good neighbor" into practice occurred in the summer of 1933, during the trouble in Cuba. (See Items 86 and 114 of this volume.)

38 ¶ The President Urges the States to Adopt Minimum Wage Legislation. April 12, 1933

MAY I call your attention to minimum wage law just passed by Legislature of New York and approved by Governor Lehman which declares it against public policy for any employer to pay women or minors a wage which is "both less than the fair and reasonable value of services rendered and less than sufficient to meet the ultimate cost of living necessary for health." This represents great forward step against lowering of wages, which constitutes a serious form of unfair competition against other employers, reduces the purchasing power of the workers and threatens the stability of industry. I hope that similar action can be taken by the other States for protection of the public interest.

This telegram was sent to the following Governors:

Governor A. Harry Moore, New Jersey
Governor Gifford Pinchot, Pennsylvania
Governor Wilbur L. Cross, Connecticut
Governor Theodore F. Greene, Rhode Island
Governor Henry Horner, Illinois
Governor Paul V. McNutt, Indiana
Governor George White, Ohio

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Governor William A. Comstock, Michigan

Governor Albert C. Ritchie, Maryland

Governor C. Douglas Buck, Delaware

Governor J. C. B. Eringhaus, North Carolina

Governor B. M. Miller, Alabama

Governor John G. Winant, New Hampshire

NOTE: As a part of the great deflationary movement which had come with the depression, wages had sunk to impossibly low levels because of the actions of some employers of labor who were taking advantage of the great number of unemployed and the accompanying fierce competition for jobs. The first attempt at Federal action to fix decent minimum wages took place in the codes which were adopted pursuant to the National Industrial Recovery Act (see Items 78, 79, and 81 of this volume).

However, two months before the adoption of that statute, I thought that some relief might be obtained through the individual action of the various States in fixing minimum wages, similar to the statute just passed by the Legislature of New York. I therefore sent the foregoing telegram to the Governors of the various industrial States, asking them to follow the lead of New York along these lines.

Unfortunately, the Supreme Court of the United States, in 1936, following its 1923 decision invalidating the Congressional Minimum Wage Law for the District of Columbia (*Adkins vs. Children's Hospital*, 261 U. S. 525), declared the Minimum Wage Law of New York unconstitutional. (*Morehead vs. Tipaldo*, 298 U. S. 587.) In 1935 it declared the National Industrial Recovery Act unconstitutional (*Schechter Poultry Co. vs. U. S.*, 295 U. S. 495), so that it appeared that this was one subject about which neither the States nor the Federal Government could constitutionally legislate.

Fortunately, after the transmission by me of my message to the Congress for a rejuvenation of the judiciary on February 5, 1937, the Supreme Court reversed itself, and declared minimum wage legislation by States constitutional. (*West Coast Hotel Co. vs. Parrish*, 300 U. S. 379.)

39 ¶ A Message Asking for Legislation to Save Small Home Mortgages from Foreclosure.

April 13, 1933

To the Congress:

As a further and urgently necessary step in the program to promote economic recovery, I ask the Congress for legislation to protect small home owners from foreclosure and to relieve them of a portion of the burden of excessive interest and principal payments incurred during the period of higher values and higher earning power.

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability, and that to protect home owners from inequitable enforced liquidation in a time of general distress is a proper concern of the Government.

The legislation I propose follows the general lines of the farm mortgage refinancing bill. The terms are such as to impose the least possible charge upon the National Treasury consistent with the objects sought. It provides machinery through which existing mortgage debts on small homes may be adjusted to a sound basis of values without injustice to investors, at substantially lower interest rates and with provision for postponing both interest and principal payments in cases of extreme need. The resources to be made available through a bond issue to be guaranteed as to interest only by the Treasury, will, it is thought, be sufficient to meet the needs of those to whom other methods of financing are not available. At the same time the plan of settlement will provide a standard which should put an end to present uncertain and chaotic conditions that create fear and despair among both home owners and investors.

A Greeting to the D.A.R.

Legislation of this character is a subject that demands our most earnest, thoughtful and prompt consideration.

NOTE: One of the major disasters of the continued depression was the loss of hundreds of thousands of homes each year by foreclosure. The annual average loss of urban homes by foreclosure in the United States in normal times was 78,000. By 1932 this had increased over three and a half times, to 273,000. By the middle of 1933, foreclosures had advanced to a total of more than 1,000 per day.

Not only did this cause the obvious hardship of loss of homes, but it froze and endangered the assets of the various mortgagees—insurance companies, mortgage banks, savings banks, savings and loan associations, and other financial institutions, which held the savings of over 30,000,000 of our people. In addition, these wholesale foreclosures were further demoralizing an already desperate real-estate mar-

ket. Home owners whose mortgages were coming due were unable to renew them. Construction of new homes had shrunk to 10 percent of the 1929 volume.

By the middle of 1933, life insurance companies had practically stopped making home-financing loans. Building and loan, and similar institutions were not only unable to meet any substantial demand for home mortgages, but, because of withdrawal applications, were actually liquidating as fast as borrowers could pay off their loans.

With this condition constantly becoming worse, I sent the foregoing message to the Congress. The result was the enactment, on June 13, 1933, of the Home Owners Loan Corporation Act (48 Stat. 128. Public No. 43, 73d Congress).

See Item 74 of this volume for a discussion of that Act.

40 ¶ *A Greeting to the Daughters of the American Revolution. April 17, 1933*

My dear Mrs. Magna:

IT is with very genuine regret that I find it impossible to be with you tonight. Up until six o'clock this evening I had planned to come but an important conference at the White House tonight makes it impossible for me to do so.

Will you convey to all the delegates a greeting from me and express to them my deep appreciation of the loyal and patriotic

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service they are constantly rendering. Particularly in a time like this the country needs the fine ideals, the loyalty to our national institutions and the willingness to serve which your organization always manifests.

Again expressing my regret that I cannot be with you,

Sincerely yours,

Mrs. Russell William Magna,
Daughters of the
American Revolution,
Washington, D. C.

41 ¶ The Thirteenth Press Conference (Excerpts). April 19, 1933

(The President had a cold and the Press Conference was held in the oval study in the White House proper. Foreign exchange — Commodity price level — Public works program.)

THE PRESIDENT: What is the news?

Q. There has been some talk again about inflation. I don't know . . .

THE PRESIDENT: How do you define inflation?

Q. I don't know what it is. *(Laughter)*

THE PRESIDENT: Neither do I. I have gotten to the point where even a cigarette tastes bad.

Q. That is a sign of a cold?

THE PRESIDENT: Yes, it certainly is.

Has the State Department given you the social program yet?

Q. Yes, it has.

THE PRESIDENT: That is the only news of any real importance that I know of.

I will tell you another thing there is today. If I were writing a story, here is the way I would put it: I don't know whether you can hear me at the back of the room — my voice

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isn't particularly strong this morning, since I have a cold. If I were going to write a story, I would write it along the lines of the decision that was actually taken last Saturday, but which really goes into effect today, by which the Government will not allow the exporting of gold, except earmarked gold for foreign Governments of course, and balances in commercial exchange. That is for straight movement.

The whole problem before us is to raise commodity prices. For the last year, the dollar has been shooting up and we decided to quit competition. The general effect probably will be an increase in commodity prices. It might well be called the next step in the general program. (See note to Item 33, this volume; also general summary of monetary policy in note to Item 16 of Vol. III.)

Q. In other words, let the dollar take care of itself?

THE PRESIDENT: Yes, let the dollar take care of itself by protecting it against foreign currencies, and letting it seek its own natural level instead of trying artificially to support it.

Q. This policy would raise prices here at home. On the agenda of the International Conference there is an item for raising prices all over the world.

THE PRESIDENT: Right.

Q. Can you give us any background on how that would be done internationally? By your policy it would be done nationally, but how would it be done internationally?

THE PRESIDENT: Of course, this really is a constructive move in the sense that it puts us in the same position with nearly all the other Nations of the world. We start on the same footing; and because we are such a large Nation, it ought to emphasize the necessity for all Nations getting together on a more stable basis.

Q. Yes?

THE PRESIDENT: It is a constructive move. It is a little bit like what happened nationally. What we had to do last March was to clear away the dead wood. We had been heading for a bank smash-up for a long time and what we did was a drastic thing,

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which was to clear away the dead wood and start afresh. Now, this is along the same general line. It puts us on a par with other Nations, and it is hoped eventually that it will aid somewhat to raise prices all over the world. However, as to what the actual details of that will be or the methods to be pursued, we don't know yet. There have been half a dozen different suggestions made. That is one of the things we are talking about.

Q. Can you explain the process by which this would tend to raise commodity prices here at home?

THE PRESIDENT: Here is a simple illustration: There are a good many commodities which are sold in terms of world trade. Well, for instance, cotton. Cotton is sold on a gold basis and, with the dollar where it has been, it works out to a certain number of cents. Therefore, if the dollar were to sell off 10 percent, the price of cotton in terms of dollars would go up 10 percent. . . .

Q. Have you any other ideas in mind on this so-called inflation or reflation as to the steps to be taken?

THE PRESIDENT: Nothing else. I think on the general subject, it is awfully difficult to particularize.

It is a little bit like a football team that has a general plan of game against the other side. Now, the captain and the quarterback of that team know pretty well what the next play is going to be and they know the general strategy of the team; but they cannot tell you what the play after the next play is going to be until the next play is run off. If the play makes ten yards, the succeeding play will be different from what it would have been if they had been thrown for a loss. I think that is the easiest way to explain it.

Here is a team that has a perfectly definite objective, which is to make a touchdown, so far as commodity prices go. The basis of the whole thing really comes down to commodity prices. And, this is entirely off the record, the general thought is that we have got to bring commodity prices back to a recent level, but not to the 1929 level except in certain instances.

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You take, for instance, city real estate in 1929. It was then altogether too high, and you ought not to bring city real estate back to the 1929 level. That is obvious. On the other hand, farm commodity prices were comparatively low in 1929 and have been going down since rather steadily for five or six years. So that it has got to be a definitely controlled inflation, because the man on the street does not understand it any more than the average banker understands it. It has got to be a controlled price level.

Q. Mr. President, is it still the desire of the United States to go back on the international gold standard?

THE PRESIDENT: Absolutely; one of the things we hope to do is to get the world as a whole back on some form of gold standard. . . .

Q. Is it all right for us to use that line about controlling the price level? You had been speaking off the record.

THE PRESIDENT: Yes, I think you can use that with the very definite thought in mind that we have to raise the price level but keep it from going too high.

Q. You spoke of some form of international gold standard. Does that imply the possibility of a lower gold content in the monetary units of the world?

THE PRESIDENT: Well, I would not put it that way. One of the things they are talking about—the economic end of the conference—is a different gold ratio, a different gold reserve to currency. You see, the old standard was 40 percent and there is talk of changing that ideal 40 percent standard, which was the old ideal, to something else.

Q. Would you describe this as another step toward a controlled or managed currency?

THE PRESIDENT: Currency? Yes, but I think you ought to couple with that the effort to get a more controlled credit, because the two go hand in hand.

Q. The public works program will fit in this general campaign sooner or later, will it not?

THE PRESIDENT: Oh, yes, and, by the way, entirely off the record,

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do not write stories about five or six billion dollars of public works. That is wild. In other words, the public works program will be as much as we can usefully use between now and next spring. There is no use attempting to go ahead with a program of projects which will require all kinds of engineering in the first instance and with the actual employment unable to start for a whole year. What we want is the type of public works that will put people to work immediately — get them to work as soon as possible.

Q. Is that off the record?

THE PRESIDENT: I think you can use that.

Q. That won't be so much, then.

THE PRESIDENT: It won't be five or six billion dollars. I have no idea, but it will not be anything like that.

Q. It won't be much more than a billion?

THE PRESIDENT: We are looking over the field and seeing how many public works there are that are practical, useful, self-sustaining as far as possible, and that can be started quickly. There is a limit to that.

Q. Where did you get your cold?

THE PRESIDENT: I don't know; I think I got it from talking too much. . . .

42 ¶ Transactions in Foreign Exchange Are Permitted under Governmental Supervision. Executive Order No. 6111. April 20, 1933

BY VIRTUE of the authority vested in me by Section 5 (b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still

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continues to exist and pursuant to said section and by virtue of all other authority vested in me, do hereby issue the following executive order:

1. Until further order, the earmarking for foreign account and the export of gold coin, gold bullion or gold certificates from the United States or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements, (b) imported for reexport or gold in reasonable amounts for usual trade requirements of refiners importing gold bearing materials under agreement to export gold, (c) actually required for the fulfillment of any contract entered into prior to the date of this order, by an applicant who in obedience to the Executive Order of April 5, 1933, has delivered gold coin, gold bullion or gold certificates, and (d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

2. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States or any place subject to the jurisdiction thereof to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States or any place subject to the jurisdiction of the United States, by any individual, partnership, association, or corporation within the United States or any place subject to the jurisdiction thereof; and the Secretary of the Treasury may require any individual, partnership, association, or corporation engaged in any transaction referred to herein to furnish under oath, complete information relative thereto, including the production of any books of account, con-

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tracts, letters or other papers, in connection therewith in the custody or control of such individual, partnership, association, or corporation either before or after such transaction is completed.

3. The provisions relating to foreign exchange transactions contained in the Executive Order of March 10, 1933, shall remain in full force and effect except as amended or supplemented by this order and by regulations issued hereunder.

4. Applicants who have gold coin, gold bullion or gold certificates in their possession, or who in obedience to the Executive Order of April 5, 1933, have delivered gold coin, gold bullion or gold certificates shall be entitled to licenses as provided in Section 8 of said Executive Order for amounts not exceeding the equivalent of such coin, bullion or certificates held or delivered. The Secretary may in his discretion issue or decline to issue any other licenses under said Executive Order, which shall in all other respects remain in full force and effect.

5. Whoever willfully violates any provision of this Executive Order or of any rule, regulation or license issued thereunder may be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order may be modified or revoked at any time.

NOTE: The foregoing Executive Order was another step in the examination and regulation of foreign exchange. The general objective was, while keeping full control of our own domestic monetary policy, to facilitate the smoother and easier adjustment of international payments, to eliminate broad fluctuation in exchange rates, and to prevent speculation and other effects upon the position of the dollar

which were not the result of legitimate international business transactions. This was important because—as is discussed more fully in Item 16, Vol. III—the point at which to terminate the devaluation of the dollar, which had already taken place, had not yet been determined. As I later said, on October 22, 1933 (see Item 146, this volume), “I would not know, and no one else could tell just what the permanent

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valuation of the dollar will be. To guess at a permanent gold valuation now would certainly require later changes caused by later facts."

It was, therefore, of the first importance that, in our efforts to observe the action of the dollar in relation to other currencies, we should not be misled or distracted by such artificial interferences with the natural functioning of foreign exchange as would be caused by speculative purchases and sales or other transactions in foreign exchange not undertaken for legitimate commercial purposes. The first regulations under the foregoing Executive Order were published by the Secretary of the Treasury on April 29, 1933.

The foregoing Executive Order was a step toward the gradual elimination of prohibitions on transactions in foreign exchanges which had been imposed by previous Executive Orders commencing with Executive Order No. 6073 of March 10, 1933. (See Item 13, this volume.) It was necessary to eliminate these prohibitions in order to permit the dollar to adjust itself with reference to other currencies. The foregoing Executive Order No. 6111 defined

the authority of the Secretary of the Treasury to issue licenses to export or "earmark" gold coin, gold bullion, and gold certificates, and authorized the Secretary to regulate by means of licenses foreign exchange transactions. The first regulations under this Order were published by the Secretary of the Treasury on April 29, 1933. The order was revoked and replaced by Executive Order 6260 of August 28, 1933. (See Item 120, this volume.)

While many of the acts of the Administration up to this time were emergency measures, they indicate, nevertheless, a consistent pattern as yet roughly formed, but designed for the purposes of gaining for the American dollar freedom — freedom at home from the threat of instability and freedom abroad for the beginning of a new realignment to the other currencies of the world. See note to Item 16, Vol. III, for summary of the monetary policies and objectives of the Administration. Much, however, remained to be done before we could establish complete control over our national monetary policy. See Items 120, 146, 187A of this volume; 8, 15, 89 of Volume III.

A Joint Statement

43 ¶ The President and Prime Minister MacDonald Issue a Joint Statement about Their Conference. April 22, 1933

A PRELIMINARY discussion was held this forenoon between the President and the Prime Minister at which the following were present:

President Roosevelt
The Secretary of State
Assistant Secretary of State,
Raymond Moley
Senator Key Pittman
of Nevada
Mr. Herbert Feis,
Economic Adviser of the
State Department

William C. Bullitt,
Special Assistant to the
Secretary of State
The Prime Minister
The British Ambassador
Sir Robert Van Sittart
Sir Frederick Leith-Ross
Mr. James Barlow
Mr. Arnold E. Overton

The main problems of the World Economic Conference were reviewed and a decision was reached that these should be allocated in the first instance to the experts who would commence their discussions this afternoon and continue them tomorrow.

NOTE: The foregoing joint statement and the four following statements issued jointly by Prime Minister MacDonald and myself (printed out of chronological order of other documents, for the sake of clarity), and the several other joint statements issued by the representatives of various foreign Nations and

myself (see Items 45, 45A, 46, 46A, 49, 53, 60, 61, 64, 65, and 68 of this volume)—all grew out of conferences preliminary to the Monetary and Economic Conference which was scheduled shortly to take place in London (see Items 34, 68, 87, 103 of this volume).

43A ¶ A Second Joint Statement by the President and Prime Minister MacDonald.

April 23, 1933

THE President and Mr. Ramsay MacDonald had a further meeting this evening at which the Secretary of State, the British Ambassador, American and British experts were present.

Some of the subjects generally outlined at Saturday's meeting were explored in further detail. The discussion centered around the monetary aspect of the agenda of the World Economic Conference.

After a helpful exchange of views it was arranged that a further discussion should take place between the experts at the office of the Secretary of State on Monday morning at 11:00 o'clock, preliminary to a further conference with the President and Mr. MacDonald on Monday afternoon at 3:30 o'clock.

43B ¶ A Third Joint Statement by the President and Prime Minister MacDonald. April 24, 1933

THE Prime Minister, the President, the British Ambassador and the Secretary of State met this afternoon with the officials and experts participating in the discussions of the past few days. They reviewed the substance of their discussions with deep satisfaction.

Among the subjects considered in these discussions were the world price level, central bank policies, monetary standards, exchange restrictions, improvement of the status of silver and, in addition, a number of world problems relating to trade and particularly the limitation of trade restrictions.

Agreement with reference to any of these subjects has been reserved for the World Monetary and Economic Conference itself.

It was never the purpose of the present discussions to conclude definitive agreements. They were designed to explore and to

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map out the territory to be covered. This purpose has been admirably served by the conversations which have taken place.

43C ¶ A Fourth Joint Statement by the President and Prime Minister MacDonald. April 25, 1933

DURING the day the Prime Minister and the President have discussed the problems of the debt of the British Government to the United States Government. Both have faced the realities and the obligations and both believe that as a result there is laid the basis of a clearer understanding of the situation affecting the two Nations.

It would be wholly misleading to intimate that any plan or any settlement is under way. It is the simple truth that thus far only preliminary explorations of many different routes have been commenced. The point to be emphasized is that with the most friendly spirit progress is being made. After the Prime Minister's departure these conversations can well continue in London and Washington.

43D ¶ A Fifth Joint Statement by the President and Prime Minister MacDonald Announcing Accord of Purpose and Method. April 26, 1933

AS STATED yesterday, our discussions on the questions facing the World Conference were not designed to result in definitive agreements, which must be left to the Conference itself. But they showed that our two Governments were looking with a like purpose and a close similarity of method at the main objectives of the Conference, and were impressed by the vital necessity of assuring international agreements for their realization in the interests of the peoples of all countries. The practical measures which are

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required for their realization were analyzed and explored. The necessity for an increase in the general level of commodity prices was recognized as primary and fundamental. To this end simultaneous action needs to be taken both in the economic and in the monetary field. Commercial policies have to be set to a new orientation. There should be a constructive effort to moderate the network of restrictions of all sorts by which commerce is at present hampered, such as excessive tariffs, quotas, exchange restrictions, etc. Central banks should by concerted action provide an adequate expansion of credit and every means should be used to get the credit thus created into circulation. Enterprise must be stimulated by creating conditions favorable to business recovery and Governments can contribute by the development of appropriate programs of capital expenditure. The ultimate reestablishment of equilibrium in the international exchanges should also be contemplated. We must, when circumstances permit, reestablish an international monetary standard which will operate successfully without depressing prices and avoid the repetition of the mistakes which have produced such disastrous results in the past. In this connection the question of silver, which is of such importance in trade with the Orient, was discussed and proposals were tentatively suggested for the improvement of its status.

These questions are all inter-related and cannot be settled by any individual country acting by itself. The achievement of sound and lasting world recovery depends on coordinating domestic remedies and supplementing them by concurrent and simultaneous action in the international field. The proposals examined will be discussed with the representatives of the other nations who have been invited to Washington with a view to securing the fullest possible measure of common understanding before the Conference meets. It is the hope of both Governments that it may be possible to convene the Conference for June.

We have in these talks found a reassurance of unity of purpose and method. They have given a fresh impetus to the solution of the problems that weigh so heavily upon the most stable, industrious and deserving men and women of the world—the human

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foundation of our civilization whose hard lot it is our common object to alleviate.

44 ¶ A Greeting on the Occasion of the 400th Anniversary of the Birth of William the Silent.

April 24, 1933

THIS 400th Anniversary of the birth of William the Silent will be remembered not only by the people of the Netherlands, who owe to him their very existence as a nation, but by those in all parts of the world who cherish the principles of liberty and tolerance for which he labored and for which he gave his life. It is particularly fitting that it should be celebrated in this country. The men who won our independence and established our Government drew inspiration from his ideals and from his example. Indomitable courage in the face of adversity, a wise tenacity of purpose unshaken by conflicting counsels, and an unswerving faith in his countrymen and in the future of his country were his outstanding characteristics. They are characteristics which are needed today. The men and women of this country, in the present crisis in our national life, may find renewed hope and confidence in his noble example.

NOTE: The foregoing greeting by lips, Undersecretary of State, on the me was read by Mr. William Phil- occasion of this celebration.

45 ¶ The President and Prime Minister Bennett of Canada Issue a Joint Statement about Their Conference. April 27, 1933

THE Prime Minister of Canada and the President have discussed further the program of the World Economic Conference and related questions of trade policy in which these two neighboring Governments have an important and immediate concern.

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They have found this exchange of views very helpful.

Present also were the Canadian Minister, the Secretary of State and Assistant Secretary of State Raymond Moley.

(See Items 34 and 43 of this volume.)

45 A ¶ A Second Joint Statement by the President and Prime Minister Bennett on Economic and Monetary Policies. April 29, 1933

OUR conversations have been eminently satisfactory in establishing a common ground of approach to the principal problems of the World Monetary and Economic Conference. We are agreed that our primary need is to insure an increase in the general level of commodity prices. To this end simultaneous action must be taken both in the economic and in the monetary fields. Economic and monetary policies must be adjusted to permit a freer international exchange of commodities.

It is recognized that as soon as practicable an international monetary standard must be restored, with arrangements that will insure a more satisfactory operation of international monetary relationships. We have examined a series of proposals for the more effective employment of silver.

No one of these problems can be profitably dealt with in isolation from the others, nor can any single country accomplish a satisfactory solution. We therefore recognize the vital importance to mankind of the World Economic Conference, and the necessity of reaching, in the weeks which remain before it is convened, as great a measure of mutual understanding as possible.

We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions.

46 ¶ The President and M. Herriot of France
Issue a Joint Statement about Their Conference.
April 28, 1933

THE President has discussed with M. Herriot the problem of intergovernmental debts. The President has set forth the entire situation from the American point of view and M. Herriot has explained how the problem appears to the French Government and Parliament. This long exchange of views, which was of the most frank and friendly character, was for the purpose of reaching a clearer understanding of the realities of the situation and will undoubtedly help in determining the steps to be taken hereafter.

It is the hope of the President and of M. Herriot that these conversations, which have proved to be of value, may be continued in Paris and in Washington after M. Herriot has had an opportunity to report to the French Government.

(See Items 34 and 43 of this volume.)

46A ¶ A Second Joint Statement by the President
and M. Herriot on the Objectives of the World
Economic Conference. April 28, 1933

OUR conversations had as their object and as their result as complete an understanding as possible between our two countries in regard to our common problems, the conclusion of definite agreements being reserved for the World Economic Conference.

At no moment has understanding been more necessary between France and the United States for the maintenance of peace, for progressive and simultaneous economic disarmament and the restoration of stable monetary conditions in an atmosphere of general security. We have noted with deep satisfaction that our two Governments are looking with like purpose at the main

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problems of the world and the objectives of the World Economic Conference. The Government of the United States and the French Government have been able already to announce their full agreement in regard to the necessity of a prompt meeting of this Conference, the object of which must be to bring about a rapid revival of world activity and the raising of world prices by diminishing all sorts of impediments to international commerce such as tariffs, quotas and exchange restrictions, and by the re-establishment of a normal financial and monetary situation.

We have examined in particular the manner in which commercial policies should develop for the purpose of promoting rather than restricting international trade. We have studied monetary problems and the different methods possible for a co-ordination of central bank policy; the remedies which may be brought forward to attack the menacing problem of unemployment and the stagnation of business by the execution of programs of public works to be carried out by the different Governments by such methods as are within their means; the effects of the depression on silver and the different methods proposed to improve its status.

The questions which are before the world today are for the most part, in our opinion, intimately bound up with one another. They constitute the separate elements of a single problem, the sound and permanent solution of which should be sought in an international collaboration supplementing the indispensable domestic efforts of each country.

The world-wide suffering of millions of unemployed demands without delay that this collaboration, which has been so happily begun here, should be continued. In conclusion, our free and cordial exchange of views has led us together to record the will of our two countries to continue this collaboration and to seek to extend it to all other nations in order to assure to the peoples of the world the opportunity to labor under conditions of real peace.

47 ¶ A Message on Emergency Railroad Legislation. May 4, 1933

To the Congress:

THE steam railways still constitute the main arteries of commerce in the United States. At this time, however, available traffic is not sufficient profitably to utilize existing railway facilities and the supplementary facilities provided by new forms of transportation.

Our broad problem is so to coordinate all agencies of transportation as to maintain adequate service. I am not yet ready to submit to the Congress a comprehensive plan for permanent legislation.

I do believe, however, that three emergency steps can and should be taken at this Special Session of the Congress.

First, I recommend the repeal of the recapture provisions of the Interstate Commerce Commission Act. The Commission has pointed out that existing provisions are unworkable and impracticable.

Second, railway holding companies should be placed definitely under the regulation and control of the Interstate Commerce Commission in like manner as the railways themselves.

Third, as a temporary emergency measure, I suggest the creation of a Federal Coordinator of Transportation who, working with groups of railroads, will be able to encourage, promote or require action on the part of carriers, in order to avoid duplication of service, prevent waste, and encourage financial reorganizations. Such a Coordinator should also, in carrying out this policy, render useful service in maintaining railroad employment at a fair wage.

The experience gained during the balance of this year will greatly assist the Government and the carriers in preparation for a more permanent and a more comprehensive national transportation policy at the regular session of the Congress in 1934.

Message on Emergency Railroad Legislation

NOTE: The railroads had been damaged, along with all other instrumentalities of commerce, by the depression. In fact, owing to the large capitalization of a great many of them, and to inefficient operation of many, their condition was, in many instances, perhaps worse than that of the rest of the industrial world. I do not think that I exaggerate when I say that if there had not been an improvement of economic conditions during 1933, most of the railroads in the United States would eventually have gone into bankruptcy.

Business did improve, however; and, besides, the Reconstruction Finance Corporation had made many loans to the railroads. At least the stronger railroads of the Nation could be made to survive. Although we realized the necessity for reorganization and coordination of railroads, there was insufficient time to prepare a complete program. Accordingly, the foregoing message was sent which asked the Congress for what was really only "stop-gap" legislation.

Pursuant to the foregoing message the Emergency Railroad Transportation Act of 1933 was passed and approved June 16, 1933 (Pub. No. 68, 73d Congress; 48 Stat. 211).

Title 1 of this Act was a temporary measure effective for one year only, unless extended by the President. It was extended by Presidential Proclamation, May 2, 1934, Proclamation No. 2082. It was

further extended by Joint Resolution of Congress (Pub. Res. No. 27, 74th Congress; 49 Stat. 376), until June 17, 1936, when it ceased to be effective.

The purposes of this title were threefold:

1. To promote financial reorganization of the railroads so as to reduce fixed charges and improve railroad credit;
2. To provide for an immediate study of other means of improving conditions of transportation in all its forms and the preparation of plans for such purpose;
3. To encourage and promote or require action on the part of the railroads themselves to avoid unnecessary duplication of services and facilities, to permit the joint use of terminals, and to control practices affecting service or operation, so as to avoid waste and preventable expense.

The first of these purposes was carried out by a provision that the Interstate Commerce Commission should not approve a loan to a railroad if it were of the opinion that the railroad was in need of financial reorganization in the public interest. Up to that time the Reconstruction Finance Corporation had made loans to rescue railroads from bankruptcy, even where it was evident that the railroads should have been reorganized.

Pursuant to the second purpose above indicated, the Federal Coordinator of Transportation (which position was set up by the Act and continued until June 17, 1936, when the Act expired) carried on extensive investigations and made many reports to the Congress on

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the advisability of certain transportation legislation.

The general plan of the proposed legislation was to provide for Federal regulation of all of the various forms of transportation by a single Federal agency. These reports made suggestions as to legislation which were carried out in subsequent statutes: namely, the Motor Carrier Act of 1935 (see Vol. IV, Item 104), the amendments to the Railway Labor Act (see Vol. III, Item 120; Vol. IV, Item 69), the amendments to the Railroad Bankruptcy Act.

The third of the purposes above enumerated of Title I of the Emergency Railroad Transportation Act, 1933, was sought to be carried out by the creation of three regional coordinating committees representing the railroads of the East, West and South, and of a Federal Coordinator of Transportation. Commissioner Joseph B. Eastman was designated by me to occupy the latter position.

It was made the duty of these committees to accomplish the objects specified by voluntary action of the railroads, so far as possible. The Federal Coordinator had power to assist the committees upon their request by the issuance of orders; and he also had certain authority to initiate action on his own responsibility.

The Emergency Railroad Transportation Act, 1933, in Title II, brought about two desirable results: (1) the greater control and supervision by the Interstate Commerce Commission over the unification of railroads, with especial reference to restraint of the evil activities of holding companies; and (2) the substitution of a simple rule of rate making for the complex and rigid rule then in effect, at the same time eliminating the provisions for the recapture of excess earnings which had proved unworkable but which threatened the future credit of many railroads.

48 ¶ Address before United States Chamber of Commerce, Appealing for Cooperation in Recovery Program. May 4, 1933

BECAUSE of a national and a world situation which has taken every moment of my time during the past two months I have had to forego the privilege of discussing many matters of common interest with the members of the Chamber of Commerce of the United States. For the same reason, frankly, I have had

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neither time nor opportunity to prepare for you tonight any complete phase of our national problems.

I do not have to tell you that the Government of the United States in its executive and legislative branches has been seeking and obtaining action relating to our own internal economy and to initiation of a cooperative spirit among all the Nations of the world. We have sought through moderate and wise measures to increase the volume of trade, to give employment to the unemployed and to effect a broad elevation of commodity prices.

I present to you three requests. During the past few weeks we have witnessed, with a slight but definite upturn in most industries, a simultaneous rise in most commodity prices. Past experience indicates that when the price level begins to rise after a long period of declining commodity prices, wages which have been previously curtailed lag behind the rise in the price level.

That result has in the past imposed upon those who labor an unfair burden; has prevented their just and equitable share in the profits of industry; and has limited the purchasing power of the overwhelming majority of our population.

I, therefore, ask you, who represent in all probability the majority of the employers of the Nation, to refrain from further reduction in the wages of your employees and I ask you also to increase your wage scales in conformity with and simultaneous with the rise of the level of commodity prices in so far as this lies within your power.

It is a simple fact that the average of the wage scale of the Nation has gone down during the past four years more rapidly than the cost of living. It is essential, as a matter of national justice, that the wage scale should be brought back to meet the cost of living and that this process should begin now and not later.

My second request has to do with bringing order out of chaos. During the past four years what previously had been considered to be an orderly industrial system has degenerated into one of the highest disorder. You and I acknowledge the existence of unfair methods of competition, of cut-throat prices and of general chaos. You and I agree that this condition must be rectified and

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that order must be restored. The attainment of that objective depends upon your willingness to cooperate with one another to this end and also your willingness to cooperate with your Government.

In almost every industry an overwhelming majority of the units of the industry are wholly willing to work together to prevent overproduction, to prevent unfair wages, to eliminate improper working conditions. In the past success in attaining these objectives has been prevented by a small minority of units in many industries. I can assure you that you will have the cooperation of your Government in bringing these minorities to understand that their unfair practices are contrary to a sound public policy.

My third request is of a somewhat different nature though it has an important bearing on the other two. It is human nature to view a problem in terms of the particular existence and interest of the company or the business with which one is personally associated. It is, therefore, not unnatural that the various industries of the country should apply this same point of view to themselves. And yet I call your attention to what must be clear to all of us: That each and all of you in your own units and your own industries are but an integral part of a great whole and that our national economy must be expressed in terms of the whole rather than in terms of the unit.

It is ultimately of little avail to any of you to be temporarily prosperous while others are permanently depressed. I ask that you translate your welfare into the welfare of the whole, that you view recovery in terms of the Nation rather than in terms of a particular industry, that you have the vision to lay aside special and selfish interests, to think of and act for a well-rounded national recovery.

May I take this opportunity to express my special appreciation of the fine cooperation which I have had from your President, Mr. Harriman, and from his associates? He has felt free to call on me and I have felt free to call on him. In that spirit the

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Nation is working itself out of its troubles. In that spirit we shall succeed.

NOTE: It is worth while to record the fact that while in May, 1933, the officers of the Chamber of Commerce of the United States were helping and not blocking the program of recovery and reform, there was already in evidence in the meeting a disposition on the part of some members to impede the efforts of the Government to deal, through legislation or regulations, with minorities in industry guilty of unfair practices against their competitors or against their employees.

49 ¶ The President and Finance Minister Jung of Italy Issue a Joint Statement about Their Conversation on the Problems of the World Economic Conference. May 6, 1933

AT THE close of our conversations we note with profound satisfaction the close similarity of our views on the questions which are harassing the world today. The world faces a crisis of the first magnitude. If normal life is to be resumed, the World Economic Conference must be made a success. It must not only meet soon, but come to its conclusions quickly. The task is so complex and difficult that unless it is approached by all Nations with the fullest and sincerest desire to arrive at a result, the Conference cannot succeed. But the other course before the world is clearly an increase in economic warfare and all Nations must cooperate in attempting to avoid this alternative.

We agree that political tranquillity is essential for economic stability; that economic disarmament can take place only in a world in which military disarmament is possible.

A truce in the field of tariffs and other obstacles to international trade is essential if the Conference is to undertake its labors with any hope of success. We are in agreement that a fixed measure of exchange values must be reestablished in the world and we believe that this measure must be gold.

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The entire problem of raising world prices and restoring the opportunity to work to the men and women who today wish to work and can find no employment is a unit. It must be attacked as a unit. Along with the measures which must be taken to restore normal conditions in the financial and monetary field, and stability in international exchanges, must go hand in hand measures for removing the obstacles to the flow of international commerce.

In the period immediately before us, Governments must employ such means as are at their disposal to relieve the unemployed by public works, and these efforts of individual Governments will achieve their fullest effect if they can be made a part of a synchronized international program. Similarly, the Central Banks of the various Nations should by concerted action attempt to provide such adequate expansion of credit as may be necessary to support constructive work, avoiding as much as possible the use of credit for illegitimate speculative purposes.

We have found ourselves in the closest agreement on many other measures to reestablish the economic life of the world and we are both determined to approach the problems of the World Economic Conference with the firmest resolve to bring its labors to success.

(See Items 34 and 43 of this volume.)

50 ¶ The Second “Fireside Chat” — “What We Have Been Doing and What We Are Planning to Do.” May 7, 1933

ON A Sunday night a week after my Inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

Tonight, eight weeks later, I come for the second time to give you my report; in the same spirit and by the same means to tell you about what we have been doing and what we are planning to do.

Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed money on that property in terms of dollars which had had an entirely different value from the level of March, 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld and money to go into hiding, thus forcing liquidation and bankruptcy of banks, railroads and insurance companies and a recapitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called “deflation,” the net result of which would have been extraordinary hardships on all

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property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

It is easy to see that the result of this course would have not only economic effects of a very serious nature, but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings and wages, but also a loss of spiritual values—the loss of that sense of security for the present and the future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future. It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program applied as quickly as possible seemed to me not only justified but imperative to our national security. The Congress, and when I say Congress I mean the members of both political parties, fully understood this and gave me generous and intelligent support. The members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment. There was no actual surrender of power, Congress still retained its constitutional authority, and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. To this policy it has strictly adhered. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition.

The legislation which has been passed or is in the process of enactment can properly be considered as part of a well-grounded plan.

First, we are giving opportunity of employment to one-quarter

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of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood-prevention work. This is a big task because it means feeding, clothing and caring for nearly twice as many men as we have in the regular army itself. In creating this civilian conservation corps we are killing two birds with one stone. We are clearly enhancing the value of our natural resources, and we are relieving an appreciable amount of actual distress. This great group of men has entered upon its work on a purely voluntary basis; no military training is involved and we are conserving not only our natural resources, but our human resources. One of the great values to this work is the fact that it is direct and requires the intervention of very little machinery.

Second, I have requested the Congress and have secured action upon a proposal to put the great properties owned by our Government at Muscle Shoals to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incident benefits will reach the entire Nation.

Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of the Nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

Our next step in seeking immediate relief is a grant of half a billion dollars to help the States, counties and municipalities in their duty to care for those who need direct and immediate relief.

The Congress also passed legislation authorizing the sale of beer in such States as desired it. This has already resulted in considerable reemployment and incidentally has provided much-needed tax revenue.

We are planning to ask the Congress for legislation to enable the Government to undertake public works, thus stimulating directly and indirectly the employment of many others in well-considered projects.

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Further legislation has been taken up which goes much more fundamentally into our economic problems. The Farm Relief Bill seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous overproduction which so often in the past has kept farm commodity prices far below a reasonable return. This measure provides wide powers for emergencies. The extent of its use will depend entirely upon what the future has in store.

Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cut-throat competition and unduly long hours for labor, and at the same time encourage each industry to prevent overproduction.

Our Railroad Bill falls into the same class because it seeks to provide and make certain definite planning by the railroads themselves, with the assistance of the Government, to eliminate the duplication and waste that is now resulting in railroad receiverships and continuing operating deficits.

I am certain that the people of this country understand and approve the broad purposes behind these new governmental policies relating to agriculture and industry and transportation. We found ourselves faced with more agricultural products than we could possibly consume ourselves and with surpluses which other Nations did not have the cash to buy from us except at prices ruinously low. We found our factories able to turn out more goods than we could possibly consume, and at the same time we were faced with a falling export demand. We found ourselves with more facilities to transport goods and crops than there were goods and crops to be transported. All of this has been caused in large part by a complete lack of planning and a complete failure to understand the danger signals that have been flying ever since the close of the World War. The people of this country have been erroneously encouraged to believe that they could keep on increasing the output of farm and factory indefinitely and that

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some magician would find ways and means for that increased output to be consumed with reasonable profit to the producer.

Today we have reason to believe that things are a little better than they were two months ago. Industry has picked up, railroads are carrying more freight, farm prices are better, but I am not going to indulge in issuing proclamations of over-enthusiastic assurance. We cannot ballyhoo ourselves back to prosperity. I am going to be honest at all times with the people of the country. I do not want the people of this country to take the foolish course of letting this improvement come back on another speculative wave. I do not want the people to believe that because of unjustified optimism we can resume the ruinous practice of increasing our crop output and our factory output in the hope that a kind Providence will find buyers at high prices. Such a course may bring us immediate and false prosperity but it will be the kind of prosperity that will lead us into another tailspin.

It is wholly wrong to call the measures that we have taken Government control of farming, industry, and transportation. It is rather a partnership between Government and farming and industry and transportation, not partnership in profits, for the profits still go to the citizens, but rather a partnership in planning, and a partnership to see that the plans are carried out.

Let me illustrate with an example. Take the cotton-goods industry. It is probably true that 90 percent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other 10 percent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills and turn out burdensome surpluses? The unfair 10 percent could produce goods so cheaply that the fair 90 percent would be compelled to meet the unfair conditions. Here is where Government comes in. Government ought to have the right and will have the right, after surveying and planning for an industry, to prevent, with the assistance of the overwhelming majority of

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that industry, unfair practices and to enforce this agreement by the authority of Government. The so-called anti-trust laws were intended to prevent the creation of monopolies and to forbid unreasonable profits to those monopolies. That purpose of the anti-trust laws must be continued, but these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages and overproduction.

The same principle applies to farm products and to transportation and every other field of organized private industry.

We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American Constitutional Government was established 150 years ago.

I know that the people of this country will understand this and will also understand the spirit in which we are undertaking this policy. I do not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself but for the team. Theodore Roosevelt once said to me: "If I can be right 75 percent of the time I shall come up to the fullest measure of my hopes."

Much has been said of late about Federal finances and inflation, the gold standard, etc. Let me make the facts very simple and my policy very clear. In the first place, Government credit and Government currency are really one and the same thing. Behind Government bonds there is only a promise to pay. Behind Government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver. In this connection it is worth while remembering that in the past the Government has agreed to redeem nearly thirty billions of its debts and its currency in gold, and private corporations in this country have agreed to redeem another sixty or seventy billions of securities and mortgages in gold. The Government and private corporations were making these agreements when they knew full

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well that all of the gold in the United States amounted to only between three and four billions and that all of the gold in all of the world amounted to only about eleven billions.

If the holders of these promises to pay started in to demand gold the first comers would get gold for a few days and they would amount to about one-twenty-fifth of the holders of the securities and the currency. The other twenty-four people out of twenty-five, who did not happen to be at the top of the line, would be told politely that there was no more gold left. We have decided to treat all twenty-five in the same way in the interest of justice and the exercise of the constitutional powers of this Government. We have placed everyone on the same basis in order that the general good may be preserved.

Nevertheless, gold, and to a partial extent silver, are perfectly good bases for currency, and that is why I decided not to let any of the gold now in the country go out of it.

A series of conditions arose three weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and second, as a result of that, a flight of American capital, in the form of gold, out of our country. It is not exaggerating the possibility to tell you that such an occurrence might well have taken from us the major part of our gold reserve and resulted in such a further weakening of our Government and private credit as to bring on actual panic conditions and the complete stoppage of the wheels of industry.

The Administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed. We do not seek to let them get such a cheap dollar that they will be able to pay back a great deal less than they borrowed. In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the Administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary to accomplish the purpose.

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Hand in hand with the domestic situation which, of course, is our first concern is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other Nations of the world. In other words, we can get, in all probability, a fair measure of prosperity to return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

In the conferences which we have held and are holding with the leaders of other Nations, we are seeking four great objectives: first, a general reduction of armaments and through this the removal of the fear of invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of Government budgets and the reduction of taxation; second, a cutting down of the trade barriers, in order to restart the flow of exchange of crops and goods between Nations; third, the setting up of a stabilization of currencies, in order that trade can make contracts ahead; fourth, the reestablishment of friendly relations and greater confidence between all Nations.

Our foreign visitors these past three weeks have responded to these purposes in a very helpful way. All of the Nations have suffered alike in this great depression. They have all reached the conclusion that each can best be helped by the common action of all. It is in this spirit that our visitors have met with us and discussed our common problems. The international conference that lies before us must succeed. The future of the world demands it and we have each of us pledged ourselves to the best joint efforts to this end.

To you, the people of this country, all of us, the members of the Congress and the members of this Administration, owe a profound debt of gratitude. Throughout the depression you have been patient. You have granted us wide powers; you have encouraged us with a widespread approval of our purposes. Every ounce of strength and every resource at our command we have devoted to the end of justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the

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present spirit of mutual confidence and mutual encouragement we go forward.

51 ¶ White House Statement Promising Review of Veterans' Regulations and Schedules.

May 10, 1933

As a result of conferences between the President, the National Commander of the American Legion, Louis Johnson, and the Director of the Budget, the following conclusions have been reached.

As a result of the application of the veterans' regulations, it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than was originally intended. The regulation and schedules in this respect will, therefore, be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

By reason of the burden incident to rerating and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This, of necessity, will require considerable time.

These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans truly disabled in war service.

NOTE: At the time I issued the Executive Orders of March 31, 1933 (see Item 28, this volume), I expected that some modifications might have to be made later in the drastic reductions of veterans'

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allowances effected by them. As a result of a careful study of the effects of these new regulations, to discover injustices or inequalities, I issued four liberalizing Executive Orders on June 6, 1933 (Nos. 6156-6159, inclusive; see Item 69, this volume).

52 ¶ The Nineteenth Press Conference (Excerpts). May 10, 1933

(Foreign consultative pacts—Disarmament—Foreign debts and the Economic Conference.)

THE PRESIDENT: Good morning. The really important news is that we are going to have a moratorium on news over Saturday and Sunday.

Q. Speaking of moratoriums, did you see the speech that Ramsay MacDonald made yesterday in which he said that an agreement had been reached that we should enter into a consultative pact?

THE PRESIDENT: Careful; don't misquote him, get it right.

Q. Will you read it and comment on it, please?

THE PRESIDENT: You can print his language.

Q. What was that, Mr. President?

THE PRESIDENT: You can print his language.

Q. What he said was that agreements were entered into here . . .

THE PRESIDENT: What did you say? I will have to read it to you.

Q. You will find it on the front page, in the box, in the *Times*.
(Laughter)

THE PRESIDENT: For your information, I will read what he said. I take it that it was properly transmitted.

"One of the points we both considered and had very clearly in front of us was the menace to the tranquillity of mind of Europe which the recent events in Europe had created. We saw quite clearly the new risks with which the Disarmament Conference was being faced.

"Yet I am very happy to say that the United States Government is prepared to play a further part in tranquilizing Europe by agreeing, if the Disarmament Conference comes to anything like a satisfactory issue, to take its part in consultative pacts, the effect of which will

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be to increase the security of Europe and the safety of threatened Nations against war.

"This is a very considerable advance. Secretary of State Stimson began it in that courageous statement he made before he went out of office regarding the need to redefine neutrality and the present Government has expressed its intention of going further in making its obligations quite definite and authoritative. An announcement will be made in Washington in due time, when the matter is further considered and its details dealt with."

I will tell you what I am going to do. I will talk to you off the record about it. We haven't got to the point of saying anything, so it has to be entirely off the record and just informative.

Both platforms, I think certainly the Democratic platform, favored consultative pacts. Now, what is a consultative pact? It means, and it meant in the platform, that if all the Nations agreed to set up some kind of machinery for consultation in the event of an act of aggression, we would be very glad to have somebody there to consult with. I consider that to be a step forward. Do not get the idea that it means that we bind ourselves in the first instance to agree with the verdict. Now, that is a very different thing. We agree to consult. Therefore it does not tie the hands of the United States in any shape, manner or form and leaves our final action entirely up to us. Now, that is the simplest way of putting it. We in no way—in no way—are limiting our own right to determine our own action after the facts are brought out.

Q. Mr. President, did MacDonald give you to understand that that would be sufficient to satisfy the political security demands of Europe?

THE PRESIDENT: Again, I can tell you off the record that that position of ours seems satisfactory to the British and to the French.

Q. To what end do we consult?

THE PRESIDENT: Let me again illustrate, off the record. This disarmament proposal of MacDonald's which has been before the Disarmament Conference in Geneva quite a long time—a good many months—is divided into two parts. Part one is

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called "security" and part two is called "disarmament." Parts two, three, four and five are called "disarmament," and parts two to five bring up for discussion a definite plan for the taking of what might be called the first steps toward the objective. The objective, most simply stated, is to reduce and practically to remove eventually the weapons of offensive warfare, in other words, the weapons of attack. If we can limit and eventually remove the weapons of attack, you automatically build up and strengthen the weapons of defense. If you remove the weapons of offense and thereby strengthen the weapons of defense, you give security to every Nation, including the small Nations.

The simplest illustration is by asking what are the weapons of offense that render the weapons of defense ineffective? Well, there is gas. You can flood a fort with gas and make it untenable. Then there is heavy, mobile artillery, because you can smash a fort with heavy artillery and you can smash trenches with heavy artillery, and you can smash barbed wire entanglements with heavy artillery. Then there are bombing planes — probably planes of all kinds — because they can drop things on top of forts, on top of trenches and on top of barbed wire. Then there are what I call land battleships. Those are the perfectly enormous tanks — they are getting bigger and bigger every day — that will walk through a ditch and over various entanglements and very soon, probably, be able to walk over a fort.

If you can eliminate those eventually — I am talking about a long distance picture — if you can eliminate the weapons of offense, you have accomplished something and you have made the Nation secure against a sudden attack.

Well, that is something that has got to be done by steps. The MacDonald plan contemplates taking the first step.

That is the simplest way of describing what the MacDonald disarmament plan is; and, if the first step can be taken, there is a better chance of being able to take the second step and the third step and the fourth step toward the ultimate objective.

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So much for the disarmament class of the MacDonald plan.

Then you come down to what is called "part one, security." Part one, security, proposes to set up certain machinery to determine who is the aggressor, and what will be done to the aggressor. There is a desire to work out some means of consultation in the event of an act of aggression in order to implement the Kellogg-Briand Pact.

Now, what that machinery may be is still very much in the air—the details of it. There are objections to the MacDonald proposal because it presupposes that if a Nation commits an act of aggression, a conference would be called which would meet and act as what might be called a jury on the act of aggression complained of. It also presupposes—and here is the weakness of it—that the aggressor Nation would be very quietly sitting still during this whole period. That is the practical objection; and they are trying to work out some more practical means of consulting together, in order to determine what constitutes an act of aggression.

The position that I have taken—this has got to be off the record, I am sorry, because it is a thing that has got to break on the other side if it does break at all—the position I have taken is that both parties here are entirely ready to sit at whatever kind of consultative meeting is provided for. The idea is to work out some sort of machinery and then, having sat there, there would be a report to Washington as to what the other Nations think and then we will be entirely free to do whatever we want to do. In other words, we would not be bound by the American who happened to be sitting in the consultative pact. He would report home.

Q. Mr. President, it seems to me that the consultative pact is almost identical to our relations with the League of Nations.

THE PRESIDENT: It is an entirely different thing. You cannot use comparisons in that connection.

Q. But we always took the stand that we would consult as things came up but do nothing obligatory—not be obliged to con-

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sult. With this new arrangement, would we be obliged to consult?

THE PRESIDENT: We would say quite frankly that we would sit in and consult. There is nothing particularly startling about that, when you come down to it.

Q. But we have that machinery now.

THE PRESIDENT: Sure. In other words, it sounds like a huge change in policy, but it is very little change in policy. It is an announcement that we are going to do something that we would do anyhow.

Q. Would the other countries be more bound by their delegates to the pact?

THE PRESIDENT: As I see it, the MacDonald suggestion was that in this consultation pact, at this conference, that the European Nations and Russia and Japan should agree, the larger powers by unanimous vote and the smaller powers by a majority vote. But you had better, some of you, read the language of it, because part of it is still very much in the air. It is simply something to try to build on.

Q. Mr. President, inasmuch as Premier MacDonald said something for publication and this that you have said is off the record, cannot you give us something on the record?

THE PRESIDENT: This is study, off the record.

Q. But it is not news. (*Laughter*)

THE PRESIDENT: I'm just trying to be helpful.

Q. May we use anything as coming from our own imagination or knowledge?

THE PRESIDENT: No, I think it is just to enable you not to get stampeded by things coming over from the other side. . . .

Q. You said that our willingness to agree to the consultative pact would be dependent on something like success by the Disarmament Conference. What do you consider "something like success"?

THE PRESIDENT: I will say, offhand, that we are 100 percent behind the idea of taking the first step in the removal of the weapons of offensive warfare. We are for that step. And we

A Joint Statement

will consider it successful, if we can get a substantial part of the proposed step. We want it to be very substantial, because, actually, we would like this first step to go a great deal further than it proposes to go.

Q. Is that off the record too?

THE PRESIDENT: Yes, that is off the record, all of it.

Q. I wonder if we can get down to something that we can print. Eugene Black, of Atlanta, Georgia, is he going to be president of the Federal Reserve Board?

THE PRESIDENT: Yes, I sent his name up this morning. . . .

Q. Mr. President, do you or do you not consider the solution of the war debt vital to the success of the Economic Conference?

THE PRESIDENT: Have I stopped tickling the soles of my mother-in-law? (*Laughter*) Yes or no?

I don't know, it is too difficult a question to answer. Are my mother-in-law's feet ticklish? (*Laughter*) In other words, of course some cleaning up of the debt issue would be a fine thing, but it is not necessarily tied in with the success of the Economic Conference. The two are not necessarily wired together. They may be, what shall I say, "platonian friends." . . .

53 ¶ The President and Doctor Schacht of Germany Issue a Joint Statement about Their Conference on the Economic Monetary Problem.

May 12, 1933

IN OUR conversations we have been guided by the hope that the World Economic and Monetary Conference may be successful. Quick and far-reaching solutions are necessary to save the economic life of the world.

We are convinced that this aim cannot be achieved unless, along with economic disarmament, there is military disarmament. We emphasize the necessity of a speedy elimination of the obstacles to international trade, and we feel that the creation of

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stable conditions in the monetary field is equally important. Economic and monetary questions are so interdependent that the adjustment of both must necessarily go hand in hand.

Until the restoration of order in economic life has had its effect in relieving unemployment, all possible endeavors must be made to help the unemployed by sound internal credit expansion and by a synchronized international program for the mobilization of public and private credit for productive purposes. International cooperation is needed above all else to restore economic life and to insure peace. We fully agree in our firm resolve to help the world situation by attacking present problems vigorously along these lines.

(See Items 34 and 43 of this volume.)

54 ¶ The President Signs Farm Relief Bill, Including Agricultural Adjustment; and Urges Delay in Foreclosures. May 12, 1933

I HAVE just signed the Farm Relief Bill, which includes the refinancing of farm debts.

The Act extends relief not only to farmer borrowers, but to mortgage creditors as well.

Holders of farm mortgages will have the privilege of exchanging them for Federal Land Bank bonds, the interest payments upon which are to be guaranteed by the Treasury of the United States.

Farmers whose mortgages are to be exchanged for these bonds will reap the benefit of lower interest rates and more liberal terms of payment.

It is to the interest of all the people of the United States that the benefits of this Act should be extended to all who are in need of them and that none should be deprived of them through ignorance or precipitate action.

For this reason, I appeal particularly to mortgage creditors and

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all others who have money claims against farmers. Every effort will be made to administer the Act promptly, considerately and justly.

All preparation that could be made in advance by officers of the Federal Land Bank system has been made. However, applications cannot be acted upon instantly. Time for examination, appraisal and perfection of records will be necessary.

I urge upon mortgage creditors, therefore, until full opportunity has been given to make effective the provisions of the mortgage refinancing sections of the Farm Relief Act, that they abstain from bringing foreclosure proceedings and making any effort to dispossess farmers who are in debt to them. I invite their cooperation with the officers of the land banks, the agents of the Farm Loan Commissioner and their farmer debtors to effect agreements which will make foreclosures unnecessary.

This is in line both with public duty and private interest.

NOTE: Title I of the statute mentioned in the foregoing statement (Pub. No. 10, 73d Congress; 48 Stat. 31) has to do with farm crop adjustment and the raising of agricultural purchasing power, and is known as the "Agricultural Adjustment Act." Title II deals with easing the farm mortgage burden of farmers, and is known as the "Emergency Farm Mortgage Act of 1933."

The reasons for the adoption of the Agricultural Adjustment Act and the circumstances leading up to it are discussed in Item 20 of this volume.

The policy of Title I of the Act as declared in Section 2 was to establish and maintain such balance between the production and consumption of farm commodities, and such marketing conditions therefor, as

would reestablish prices to farmers at a level that would give agricultural commodities a purchasing power with respect to articles that farmers buy, equal to the purchasing power of all agricultural commodities in the "base period." The "base period" in the case of all agricultural commodities except tobacco was fixed as the pre-war period, viz., August, 1909-July, 1914. In the case of tobacco the base period was fixed as the post-war period, viz., August, 1919-July, 1929. The reason for the difference made for tobacco was the fact that the tobacco-consuming habits of the entire world had so changed since the War that the pre-war conditions of production and demand no longer represented accurately the 1933 conditions of the tobacco industry.

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This policy did not mean that farm prices should be raised to the same level necessarily in dollars as they were before the War, but rather that a farmer selling a certain volume of farm products in 1933 should be able, with the price he received for them, to buy the same volume of manufactured goods that he was able to buy with the same volume of farm products in the period 1909-1914. The aim was to place the farmer on the same comparable economic level with business and industry as existed during the pre-war period, to return to him his normal fair share of the national income, and, incidentally, to make him as good a customer for non-agricultural business as he was before the War.

The Act also declared the policy of approaching such equality of purchasing power by a gradual rather than a precipitous correction of the existing inequalities, with due regard to current demand for consumption in domestic and foreign markets. It was clear that no parity could be brought about in many of the commodities whose carryover stocks were several times normal, until the huge surpluses had been reduced or eliminated. It was also evident that if the price of certain farm products were to be pushed up suddenly without adequate control of the amount of production of those commodities, the result would only be to bring in new and additional production which would create further burdensome sur-

pluses. A precipitous increase of price might even cause reduced consumption of farm commodities to a degree which would result in more harm than good to the farmers.

The Act further declared the policy of protecting consumers' interests by readjusting farm production to such a level as would not increase the percentage of consumers' retail expenditures for farm products received by the farmer to a level above the percentage received in the pre-war period. In this way the Act sought to maintain for the consumer also the same proportionate price relationships as existed before the War.

In order to effectuate these various policies and purposes, the Congress granted two principal groups of powers to the Secretary of Agriculture: one dealing with voluntary production adjustment through contracts and benefit payments to farmers; and the other dealing with marketing agreements and licenses.

The first group of powers enabled the United States Government to help farmers adjust their production in a way which would have been impossible for them acting as individuals without Government assistance. The Secretary of Agriculture, who functioned in this respect through the Agricultural Adjustment Administration, was authorized to give financial assistance by means of rental and benefit payments, by agreement or by any other voluntary method, to those farmers who would consent to adjust the

amount of their crops. The methods to be used were to be voluntary and not otherwise. Only the farmers who agreed voluntarily to adjust their production would receive the benefit payments. In this way the non-cooperative farmer, who had always been the obstacle to attempts by farmers in the past to control the amount of their total crops, was prevented from obtaining any advantage from refusal to cooperate.

The Act originally provided for benefit payments for only seven basic agricultural commodities: wheat, cotton, corn, hogs, rice, tobacco, and milk and its products. These products were selected because the United States produced an exportable surplus of nearly all of them, and also because changes in their price strongly influence all commodities. Another reason for choosing these products was that each of them goes through some form of manufacturing process before it is ready for human consumption, with the result that their production and distribution could be more easily regulated during the course of processing than could those products which do not go through such a process.

The second group of powers enumerated in the Agricultural Adjustment Act permitting the Secretary of Agriculture to enter into marketing agreements with processors, farmers' associations, and others engaged in the handling of farm products, was also directed toward giving the farmer a more equal share

of the national income. Marketing agreements were permitted for all agricultural products, and not merely for the seven basic ones; and the agreements were exempted from the provisions of the anti-trust laws of the United States. The agreements, with this exemption, could regulate trade practices, production quotas, prices, supply areas, and the many relationships among various branches of trade. They were intended not only to bring about a better price for the farmer but to assist the various branches of the farming industry in general to increase their efficiency in production, processing, and marketing, so that better prices for the farmer, would mean only a relatively small increase of cost to the consumer. To make effective the terms of marketing agreements, the Act authorized the Secretary of Agriculture to grant licenses to processors and distributors and others handling agricultural products or any competing commodities, and to revoke such licenses in the event of violation of the terms of the licenses.

In order to obtain the funds with which to pay benefits to the farmers who cooperated in adjusting the size of their crops, the Act provided for processing taxes to be levied upon the first domestic processing of the product. The rate of the processing tax was to be fixed by the Secretary of Agriculture at the difference between the current average farm price for the particular commodity and the fair exchange

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value of the commodity. To prevent the tax being so high, however, as to cause reduced consumption of the commodity which would bring further surpluses, the Secretary was given discretion, after investigation and an opportunity for hearing, to fix the tax at a lower rate.

To protect the basic commodities from undue competition with competing commodities, the Act provided that if the payment of the processing tax was found to be causing consumers to buy competing commodities, a so-called compensating tax could be levied, after due hearing, upon the first domestic processing of the competing commodity. Another form of compensating tax, in order to maintain previously existing competitive relationships, was levied upon imported articles which are made from a farm commodity on which a processing tax has been domestically imposed. To prevent firms from laying in a large stock of supplies in anticipation of a processing tax, the Act provided for levying a tax on all floor stocks of articles, held at the time the processing tax was imposed on such articles.

The processing tax was therefore the means of providing revenue for financing the steps intended to help farmers reach parity of purchasing power.

With the funds derived from the tax, benefit payments could be made by the Government to farmers who were willing to cooperate in the

program of adjusting production. In this way they received benefit payments *plus* the increased market price, while the non-cooperators received only the increased market price. The machinery of government was used to assist farmers who could not individually assist themselves. The Act sought to prevent the small non-cooperating minority from doing any harm to the cooperating majority.

The benefit payments made a direct and continuing contribution to the farmers' income. It was a recognition of the principle that this large economic group, performing an essential function for society, is entitled to a fair share in the national income.

The Agricultural Adjustment Administration has operated with a decentralized machinery. It has used the extension service and the county extension agents of the Department of Agriculture. The 2,200 county agents were used to make direct contacts with farmers and county associations of farmers in getting the work of setting up county production control associations under way.

With respect to cotton, special steps were taken because the 1933 crop had already been planted and special emergency measures were necessary (see Item 83, this volume). With respect to the other basic commodities, plans were also adopted as quickly as possible by the Secretary of Agriculture after conference with farm leaders and others, to carry out the purposes of the Act.

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The various plans differed in detail, but the essentials were the same, viz., (1) a voluntary agreement on the part of the farmer to adjust his production in accordance with individual allotments, (2) payment of benefits by the Government to those who signed such agreements, (3) the levying of a tax on the first processing to the particular product to raise funds for the payment of these benefits, (4) decentralization of administration, (5) determination of the amounts to be allotted to each county, locality, or individual farmer to be made in cooperation with local, county or district production control associations and local allotment committees.

* * *

The Emergency Farm Mortgage Act of 1933, which was Title II of the statute mentioned in the foregoing statement (48 Stat. 31, 41), carried out the recommendations of my message to the Congress dated April 3, 1933 (see Item 29, this volume).

It would naturally take some time after the passage of the Act to set up the necessary machinery for extensive mortgage refinancing. Until that could be done, I urged mortgage creditors, in the foregoing statement, to delay foreclosure action until such time as the many applications from farmers for refinancing their mortgages could be acted upon.

Efforts were made in all directions to inform farmers of this legis-

lation which had been passed to help them, so that those who needed assistance could apply for it at once. In my radio address of October 22, 1933 (see Item 146, this volume), I urged farmers and home owners who were about to suffer foreclosure to telegraph to the Farm Credit Administration for relief. Long before that time, a definite program had been launched to inform farmers of this opportunity to refinance their burdensome mortgage debts. Letters and telegrams asking relief from threatened foreclosures flooded the Washington office. At the peak of the activities more than 2,200 letters and telegrams were received in Washington in one week from farmers with foreclosures pending.

The instrumentalities for refinancing farm debts were chiefly the Federal Land Banks and the Land Bank Commissioner.

Owing to the unfavorable conditions of the money market during the period of 1933-1934, and the large volume of bonds necessary for the farm banks to issue to provide funds with which to meet the demand for farm refinancing, it became necessary to organize the Federal Farm Mortgage Corporation to help finance the program. Its operations are described in Item 6 of Vol. III.

Federal Land Bank loans were supplemented by so-called Land Bank Commissioner loans as authorized by the Emergency Farm Mortgage Act of 1933. The Reconstruction Finance Corporation was

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directed to make available for the purposes of these Commissioner loans, \$200,000,000. These funds were later supplemented by the funds obtained from the sale of bonds of the Federal Mortgage Corporation.

The Emergency Farm Mortgage Act of 1933 provided that the proceeds of Commissioner loans could be used to refinance indebtedness, to provide working capital for farm operations, and to enable farmers to redeem or repurchase property lost through foreclosure after July 1, 1931. Subsequent amendatory legislation permitted the making of Commissioner loans for any purpose for which Federal Land Bank loans might be made, including the purchase of land.

Commissioner loans could be made on either a first or second mortgage secured on real or personal property, in such an amount that the Commissioner loan plus all prior liens would not exceed 75 percent of the appraised normal value of the mortgaged property, with a maximum of \$5,000, later increased to \$7,500 to any one farmer.

In general the procedure was for the Federal Land Bank to make a first mortgage loan on the usual basis, and for the Commissioner to make second mortgage loans in such amounts that the first and second mortgages did not exceed 75 percent of the appraised normal value of the farm. The normal value has been interpreted to be the value that can be sustained by earning

power with normal prices. The estimates of normal prices have centered around prices that existed during the five pre-war years, 1910-1914, adjusted in the case of certain farm products for shifts in production.

Interest on Commissioner loans was charged at 5 percent. Until the spring of 1935, Federal land bank loans were also made at 5 percent. In April, 1935, as a result of the general decline in interest rates, the rate was reduced to 4½ percent and later to 4¼ percent; on June 24, 1935, it was reduced to 4 percent. Since July 1, 1935, borrowers have been paying only 3½ percent interest regardless of the contract rate, by reason of the interest reduction authorized by the Congress.

The majority of the mortgage loans as refinanced by the Federal land banks averaged about thirty years, varying between twenty and thirty-five years. The majority of the second mortgage Commissioner loans were for thirteen years.

The amount of relief extended by these long-term refinancing operations becomes obvious when we remember that the common practice in the United States has been to make mortgage loans on farm property for a period of from three to five years. While these short-term private loans were ordinarily renewed, during the agricultural depression they were being called at times when it was impossible for farmers to meet them.

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During the period from May 1, 1933, to September 30, 1937, Federal land bank and Land Bank Commissioner loans were made on about 540,000 farms for a total of approximately \$2,207,000,000. This was the equivalent of a loan on one farm out of every thirteen in the United States. As of September 30, 1937, Federal land banks and the Land Bank Commissioner held over 37 percent of the estimated farm mortgage debt of the entire country.

The bulk of the money loaned on farm mortgages was of course used to pay off old mortgage debts. In fact, about 90 percent of the money was used to pay existing debts to the commercial banks, life insurance companies, taxing agencies and other creditors.

The farm debt refinancing program in this way provided assistance in the whole recovery program in two ways: first, farmers rearranged their debts on a long-term low-interest-rate basis so that they were enabled to meet their obligations as their farm income improved; and secondly, by paying off existing creditors this vast amount of money was released into circulation as increased purchasing power.

It is estimated that the saving in annual interest rates by the refinancing of farm mortgages as a result of this statute is about \$42,000,000. In addition there has been an annual interest saving of many millions as a result of the temporary interest reductions in Federal land bank loans which are item-

ized above. The total saving, including the permanent lower interest rates and the temporary reductions of interest, is more than \$70,000,000 per year to borrowers from the Federal land banks and Land Bank Commissioners.

In addition, many private lending agencies, as conditions improved, have reduced their rates to meet the competition of the Farm Credit Administration agencies, resulting in further interest savings to farmers who have borrowed from outside the system.

The effect of the statute was also to scale down the amount of mortgage debts in the following manner: Under the statute, the total Land Bank Commissioner and Federal land bank loans to any one farmer could not exceed 75 percent of the appraised value of the farm. If the farmer's debts did exceed 75 percent of this normal value, his creditors could not be paid off unless they were willing to cut the amount of their claims to 75 percent of the value. If they did not wish to do so, their alternative was either to foreclose or to continue to carry the obligation. In view of the fact that it was obviously to the advantage of creditors to cut down the amount of their obligation in order to be paid off, the result was a scaling downward of the amount of the debt in about one-fifth of all cases, such scale-downs averaging roughly one-third of the prior debt. It is estimated that the scale-downs in connection with loans refinanced

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through the Farm Credit Administration have exceeded \$200,000,000.

The emergency period of refinancing tapered very rapidly after 1935. During 1936, only 7,000 applications for loans were received each month as compared with 77,000 applications received during October, 1933, which was the peak month. During 1936, the loans totaled only \$186,400,000, as compared with \$1,283,500,000 in 1934. With the decrease of loans from the Farm Credit Administration, loans by private lenders increased.

The use of the money borrowed

from the Farm Credit Administration during 1936 shows also that the need for emergency refinancing had largely passed by that time. Only 78.6 percent was used to pay existing debts as compared with 90 percent in 1934. The difference has been used to purchase land, erect buildings, make improvements and for other general agricultural purposes.

Farm mortgage foreclosures during the year ended March 15, 1936, were only 20 per thousand as compared with 39 per thousand in the spring of 1933.

55 ¶ The President Signs the Unemployment Relief Bill and Stresses State, Local and Individual Responsibility. May 12, 1933

I WANT to make it very clear to citizens in every community that the Bill I have just signed, authorizing an appropriation of \$500,000,000 of Federal funds for unemployment relief, does not absolve States and local communities of their responsibility to see that the necessities of life are assured their citizens who are in destitute circumstances.

The Bill in effect is a challenge to Governors, legislatures and local officials to stimulate their own efforts to provide for their own citizens in need.

For these and other good reasons citizens who are able should voluntarily contribute to the pressing needs of welfare services.

The giving of life's necessities by the Government, in ratio to contributions made by States and local communities, should lead to the giving of generous contributions to community chests and welfare organizations throughout the country.

The principle which I have on many occasions explained is

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that the first obligation is on the locality; if it is absolutely clear that the locality has done its utmost but that more must be done, then the State must do its utmost. Only then can the Federal Government add its contribution to those of the locality and the State.

NOTE: This statute was passed pursuant to my request in my message of March 21, 1933 (see Item 21, this volume). By this time the relief funds provided by the old Act of 1932 (Public No. 302, 72d Congress) were practically exhausted. \$500,000,000 was the amount appropriated by this new Act of 1933.

The new statute was expressive of the new Government attitude toward relief.

First, it recognized that relief was a social problem to be administered by a social agency rather than by the Reconstruction Finance Corporation, which was purely a financial agency. Accordingly, it set up a Federal Emergency Relief Administration to carry out the provisions of the Act. The R.F.C. continued to act merely as a fiscal agent.

Second, it provided for outright grants to States for relief purposes instead of the prior system (under the 1932 statute) of making loans to States repayable out of future highway grants.

Third, it definitely recognized that relief was not the complete responsibility of the States and their local political subdivisions, and that the Federal Government had its share of responsibility where local

and State resources proved inadequate.

When, as Governor, I set up for my own State of New York a Temporary Emergency Relief Administration in 1931 to administer the State appropriations of money for direct aid to the localities in furnishing relief, I appointed as its Executive Director and later as its Chairman, Harry L. Hopkins. When this new national agency was set up in 1933, I appointed him as Administrator; and he assumed office on May 22, 1933.

The task he faced was stupendous. Little was known at Washington about the efficiency of the various State and local relief organizations throughout the country. There were no such organizations in some of the States and in many of the counties. There were no immediately available reliable statistics either about relief needs or relief expenditures.

Action had to be immediate. It was immediate. The day after he took office he telegraphed his first communication to the Governors of the respective States; and before nightfall he had made grants of money to Colorado, Illinois, Iowa,

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Michigan, Mississippi, Ohio and Texas.

From the very beginning two important points of policy were evident: (1) The operations of the program, aside from certain basic standards and stipulations, were to be decentralized and local in character, and (2) work, rather than idleness on a dole, was preferred.

The original grant of money, in accordance with the statute, was on the basis of \$1.00 of Federal funds for every \$3.00 of local, State and Federal funds spent during the preceding quarter year. The statute also provided that part of the fund

could be used in States without such matching where the amount available by matching would be insufficient to meet the needs for relief in any State. The first of such unmatched grants was made on June 27, 1933, to Texas.

On June 14, 1933, Governors and State Administrators of Relief of the various States were called to Washington by Mr. Hopkins in order to acquaint them with the policies of the program. I addressed this group after the conference, and my remarks are printed as Item 75, this volume.

56 ¶ An Appeal to the Nations of the World for Peace by Disarmament and for the End of Economic Chaos. May 16, 1933

A PROFOUND hope of the people of my country impels me, as the head of their Government, to address you and, through you, the people of your Nation. This hope is that peace may be assured through practical measures of disarmament and that all of us may carry to victory our common struggle against economic chaos.

To these ends the Nations have called two great World Conferences. The happiness, the prosperity, and the very lives of the men, women and children who inhabit the whole world are bound up in the decisions which their Governments will make in the near future. The improvement of social conditions, the preservation of individual human rights, and the furtherance of social justice are dependent upon these decisions.

The World Economic Conference will meet soon and must

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come to its conclusions quickly. The world cannot await deliberations long drawn out. The Conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels. It must, in short, supplement individual domestic programs for economic recovery, by wise and considered international action.

The Disarmament Conference has labored for more than a year and, as yet, has been unable to reach satisfactory conclusions. Confused purposes still clash dangerously. Our duty lies in the direction of bringing practical results through concerted action based upon the greatest good to the greatest number. Before the imperative call of this great duty, petty obstacles must be swept away and petty aims forgotten. A selfish victory is always destined to be an ultimate defeat. The furtherance of durable peace for our generation in every part of the world is the only goal worthy of our best efforts.

If we ask what are the reasons for armaments, which, in spite of the lessons and tragedies of the World War, are today a greater burden on the peoples of the earth than ever before, it becomes clear that they are two-fold: first, the desire, disclosed or hidden, on the part of Governments to enlarge their territories at the expense of a sister Nation and I believe that only a small minority of Governments or of peoples harbor such a purpose; second, the fear of Nations that they will be invaded. I believe that the overwhelming majority of peoples feel obliged to retain excessive armaments because they fear some act of aggression against them and not because they themselves seek to be aggressors.

There is justification for this fear. Modern weapons of offense are vastly stronger than modern weapons of defense. Frontier forts, trenches, wire entanglements, coast defenses—in a word, fixed fortifications—are no longer impregnable to the attack of war planes, heavy mobile artillery, land battleships called tanks, and poison gas.

If all Nations will agree wholly to eliminate from possession and use the weapons which make possible a successful attack, de-

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fenses automatically will become impregnable, and the frontiers and independence of every Nation will become secure.

The ultimate objective of the Disarmament Conference must be the complete elimination of all offensive weapons. The immediate objective is a substantial reduction of some of these weapons and the elimination of many others.

This Government believes that the program for immediate reduction of aggressive weapons, now under discussion at Geneva, is but a first step toward our ultimate goal. We do not believe that the proposed immediate steps go far enough. Nevertheless, this Government welcomes the measures now proposed and will exert its influence toward the attainment of further successive steps of disarmament.

Stated in the clearest way, there are three steps to be agreed upon in the present discussions:

First, to take, at once, the first definite step toward this objective, as broadly outlined in the MacDonald Plan.

Second, to agree upon time and procedure for taking the following steps.

Third, to agree that while the first and the following steps are being taken, no Nation shall increase its existing armaments over and above the limitations of treaty obligations.

But the peace of the world must be assured during the whole period of disarmament and I, therefore, propose a fourth step concurrent with and wholly dependent on the faithful fulfillment of these three proposals and subject to existing treaty rights:

That all the Nations of the world should enter into a solemn and definite pact of non-aggression; that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided these obligations are faithfully executed by all signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers.

Common sense points out that if any strong Nation refuses to join with genuine sincerity in these concerted efforts for political and economic peace, the one at Geneva and the other at London, progress can be obstructed and ultimately blocked. In such event

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the civilized world, seeking both forms of peace, will know where the responsibility for failure lies. I urge that no Nation assume such a responsibility, and that all the Nations joined in these great conferences translate their professed policies into action. This is the way to political and economic peace.

I trust that your Government will join in the fulfillment of these hopes.

The foregoing message was cabled to the Sovereigns and Presidents of the Nations listed below:

His Majesty Zog I,
King of the Albanians,
Tirana, Albania
His Excellency Augustin P. Justo,
President of the Argentine Nation, Buenos Aires, Argentina
His Excellency Wilhelm Miklas,
President of the Confederation of Austria, Vienna, Austria
His Majesty Albert,
King of the Belgians, Brussels, Belgium
His Excellency Getulio Vargas,
President of the United States of Brazil, Rio de Janeiro, Brazil
His Excellency Daniel Salamanca,
President of Bolivia, La Paz, Bolivia
His Majesty Boris III,
King of the Bulgarians, Sofia, Bulgaria

His Excellency Arturo Alessandri,
President of the Republic of Chile, Santiago, Chile
His Excellency Enrique Olaya Herrera,
President of the Republic of Colombia, Bogota, Colombia
His Excellency Lin Sen,
President of the National Government of the Republic of China, Nanking, China
His Excellency Ricardo Jimenez,
President of Costa Rica, San José, Costa Rica
His Excellency Gerardo Machado,
President of the Republic of Cuba, Habana, Cuba
His Excellency Thomas G. Masaryk,
President of Czechoslovakia, Praha, Czechoslovakia
His Majesty Christian X,
King of Denmark, Copenhagen, Denmark

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His Excellency Rafael
Leonidas Trujillo,
President of the Dominican
Republic, Santo Domingo,
Dominican Republic
His Excellency Juan de Dios
Martinez Mira,
President of the Republic
of Ecuador, Quito, Ecuador
His Majesty Fouad I,
King of Egypt, Cairo,
Egypt
His Majesty George V,
The King of Great Britain,
Ireland, and the British Do-
minions beyond the Seas,
Emperor of India, etc., etc.,
London, England
His Excellency Konstantin
Pats,
Head of State, Tallinn,
Estonia
His Imperial Majesty, Haile
Selassie I,
Emperor of Ethiopia,
Addis Ababa, Ethiopia
His Excellency Pehr Evind
Svinhufvud,
The President of Finland,
Helsingfors, Finland
His Excellency M. Albert Le-
brun,
President of the French Re-
public, Paris, France
His Excellency Field Marshal
Paul von Beneckendorff und
von Hindenburg,
President of the Reich,

Berlin, Germany
His Excellency Alexander
Zaimis,
President of the Hellenic
Republic, Athens, Greece
His Excellency Jorge Ubico,
President of the Republic
of Guatemala, Guatemala,
Guatemala
His Excellency Stenio
Vincent,
President of Haiti, Port au
Prince, Haiti
His Excellency Tiburcio
Carias A.,
Constitutional President of
the Republic of Honduras,
Tegucigalpa, Honduras
His Serene Highness Admiral
Nicholas De Horthy,
Regent of the Kingdom of
Hungary, Budapest, Hun-
gary
His Majesty Faisal I,
King of Iraq, Baghdad, Iraq
His Majesty Victor Emmanuel
III,
King of Italy, Rome, Italy
His Majesty Hirohito,
Emperor of Japan, Tokyo,
Japan
His Excellency Alberts
Kviesis,
President of the Republic
of Latvia, Riga, Latvia
His Excellency Antanas
Smetona,
President of the Republic

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of Lithuania, Kaunas, Lithuania	Moscicki, President of the Republic of Poland, Warsaw, Poland
Her Royal Highness Charlotte, Grand Duchess of Luxembourg, Luxembourg, G. D.	His Excellency General Antonio Oscar de Fragoso Carmona, President of the Republic of Portugal, Lisbon, Portugal
His Excellency General Abelardo L. Rodriguez, President of the United Mexican States, Mexico City, Mexico	His Majesty Carol II, King of Rumania, Bucharest, Rumania
Her Majesty Wilhelmina, Queen of the Netherlands, The Hague, Netherlands	President Michail Kalinin, All Union Central Executive Committee, Moscow, Russia
His Excellency Juan B. Sacasa, President of the Republic of Nicaragua, Managua, Nicaragua	His Majesty Prajadhipok, King of Siam, Bangkok, Siam
His Majesty Haakon VII, King of Norway, Oslo, Norway	His Excellency Alcala Zamora, President of the Spanish Republic, Madrid, Spain
His Excellency Harmodio Arias, President of Panama, Panama, Panama	His Majesty Gustaf V, King of Sweden, Stockholm, Sweden
His Excellency Eusebio Ayala, President of the Republic of Paraguay, Asunción, Paraguay	His Excellency Edmond Schulthess, President of the Swiss Confederation, Berne, Switzerland
His Imperial Majesty Reza Shah Pahlevi, Shah of Persia, Teheran, Persia	His Excellency Gazi Mustafa Kemal, President of the Turkish Republic, Ankara, Turkey
His Excellency General Oscar Benavides, President of Peru, Lima, Peru	His Excellency Gabriel Terra, President of the Republic of Uruguay, Montevideo, Uruguay
His Excellency Ignace	

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His Excellency Juan V Gomez,
President of the United
States of Venezuela,
Caracas, Venezuela

His Majesty Alexander I,
King of Yugoslavia, Bel-
grade, Yugoslavia

NOTE: The above appeal to the heads of the Governments of the world is of special importance in view of subsequent events. Two factors made it necessary in 1933. The first was the possibility that something might yet be saved from the Disarmament Conference which had been meeting in Geneva since 1932. The second was the impending Economic Conference to be held in London the following month.

International relationships in Europe had been going from bad to worse for four years. Armaments, especially under non-democratic Governments, were increasing by leaps and bounds. Trade between Nations was continuing to fall off because of newly imposed quotas and other trade barriers.

Already in 1933 there existed, as there still exists today, an amazing failure on the part of Governments to recognize that increase of armaments and increase of trade barriers go hand in hand with prevention of peace and economic rehabilitation. Armaments cannot be reduced unless trade barriers are reduced; and reciprocal trade increases cannot bring world stability without reduction in the vast amounts of money and labor tied up in the production of arms.

My message of May 16, 1933, was

intended to bring this important truth home to the European leaders and I felt even then that if the Disarmament Conference failed in Geneva such failure would militate greatly against the success of the coming Economic Conference in London. In the same way, the evil economic factors of continued arming made clear that in the Economic Conference a mere discussion of international banking and foreign exchange would be futile. Obviously the stabilization of currency and the relationship of these currencies to each other internationally, depended, as they do today, on the stabilization of economics within each Nation, which included diverting production from armaments into non-military industry and, at the same time, lowering the international barriers raised against a freer trade.

For the first time, in this appeal to the Nations, emphasis was placed on two fundamentals of the reduction of armaments: first, that weapons of offensive warfare should be gradually eliminated and, second, that invasion should be banned during the disarmament period.

The reasons behind these proposals are even stronger four years later than they were in 1933.

57 ¶ The Congress Is Informed of the President's Appeal to the Nations of the World. May 16, 1933

To the Congress:

FOR the information of the Congress I am sending herewith a message that I have addressed this morning to the Sovereigns and Presidents of those Nations participating in the Disarmament Conference and the World Monetary and Economic Conference.

I was impelled to this action because it has become increasingly evident that the assurance of world political and economic peace and stability is threatened by selfish and short-sighted policies, actions and threats of actions.

The sincere wish for this assurance by an overwhelming majority of the Nations faces the danger of recalcitrant obstruction by a very small minority, just as in the domestic field the good purposes of a majority in business, in labor or in other cooperative efforts are often frustrated by a selfish few.

The deep-rooted desire of Americans for better living conditions and for the avoidance of war is shared by mass humanity in every country. As a means to this end, I have in the message to the various Nations stressed the practical necessity of reducing armaments. It is high time for us and for every other Nation to understand the simple fact that the invasion of any Nation, or the destruction of a national sovereignty can be prevented only by the complete elimination of the weapons that make such a course possible today.

Such an elimination will make the little Nation relatively more secure against the great Nation.

Furthermore, permanent defenses are a non-recurring charge against governmental budgets while large armies, continually re-armed with improved offensive weapons, constitute a recurring charge. This, more than any other factor today, is responsible for governmental deficits and threatened bankruptcy.

The way to disarm is to disarm. The way to prevent invasion is to make it impossible.

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I have asked for an agreement among Nations on four practical and simultaneous steps:

First, that through a series of steps the weapons of offensive warfare be eliminated;

Second, that the first definite step be taken now;

Third, that while these steps are being taken no Nation shall increase existing armaments over and above the limitations of treaty obligations;

Fourth, that subject to existing treaty rights no Nation during the disarmament period shall send any armed force of whatsoever nature across its own borders.

Our people realize that weapons of offense are needed only if other Nations have them and they will freely give them up if all the Nations of the world will do likewise.

In the domestic field the Congress has labored in sympathetic understanding with me for the improvement of social conditions, for the preservation of individual human rights, and for the furtherance of social justice.

In the message to the Nations which I herewith transmit I have named the same objectives. It is in order to assure these great human values that we seek peace by ridding the world of the weapons of aggression and attack.

58 ¶ The Nations Answer. May 17, 1933

President Roosevelt received the following acknowledgments to the message which he sent to the Sovereigns and Presidents of the Nations participating in the World Economic and Disarmament Conferences:

(See Items 56 and 57 of this volume.)

From King George

“I thank you for your important message which I have communicated to my Governments in order that it may receive their fullest consideration.”

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From Wilhelm Miklas, Federal President of Austria

“Gratefully acknowledge receipt of your most important proposals aiming at efficacious establishment of world peace. I transmitted the proposals of the Austrian Government for close and earnest consideration, result of which will be urgently submitted to Your Excellency.”

From Gustaf, R., of Sweden

“I thank you for your telegraphic message of which I have taken part with genuine sympathy. I sincerely participate in your hopes that at this moment all Nations join in concerted action for political and economic peace and I feel confident that the contribution of the United States to the success of these efforts will be of the utmost value with a view to attain a goal of such vital necessity to humanity.”

From Christian, R., of Denmark

“I wish to convey to you my sincerest thanks for the message you have sent to me and to other heads of States. I fully join in your wishes that the two Conferences may result in measures to secure peace between the Nations and the development of international commerce. The Danish Government entirely shares the hopes expressed in your message.”

From Albert Kviesis, of Latvia

“Received with greatest interest your message and beg to inform you that Latvia readily will join in realization of proposed lofty aims.”

From Haakon, R., of Norway

“I have conferred with my Prime Minister on your telegram and can tell you, Mr. President, that my Government quite agree with your appeal which it gives the great pleasure to inform you of.”

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From Queen Wilhelmina, of The Netherlands

"It is, Mr. President, a matter of deep satisfaction to me that the reply from The Netherlands to your telegraphic appeal can be given at once and without reserve.

"This Nation for which I speak abhors war. It would, of course, resist assault, but it abhors war. As it condemns provocation and aggression between citizens, so it condemns provocation and aggression between Nations. It thinks that the times have come for the community of Nations to show by acts that it is determined to rid itself of the law of the strongest as its potential supreme standard. Peaceful adjustment is the exclusive method for settling national controversies. . . . Substantial disarmament is now imperatively necessary, for continued armaments lead to competition . . . to inevitable war.

"The Netherlands are ready to take with the other Nations of the world the four steps you propose. . . . They do not make any reservation.

"The forthcoming Economic Conference can be assured of the active and wholehearted support of my Government. . . . This country stands for sanity and order in its economic and financial life. Internationally, it stands for unrestricted commerce, stable currencies and better prices. . . . With my Government and people I fully join in the fulfillment of the hopes you have expressed."

From President Machado, of Cuba

"The Government and people of Cuba receive with real satisfaction the message for the promotion of peace and well-being for all peoples which Your Excellency sends them. The historical moment in which we live demands the measures wisely indicated by Your Excellency and Cuba offers . . . her unconditional adherence and decided cooperation. . . . I congratulate Your Excellency on the noble and lofty initiative which you have taken . . . and hope that the whole world will respond to your noble call for action with a de-

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cisiveness springing from the principles of good and from the instinct of self-preservation."

From President Lebrun, of France

"I have duly received the message which you have been good enough to send me in your capacity as head of the Government of the United States. I thank you for your communication. I hasten to render homage to the lofty sentiments which have dictated it in your fervent love of peace and your sincere desire for the economic recovery of the peoples. The Government of the French Republic will study the communication in a similar spirit and a community of aspiration."

From President Rodriguez, of Mexico

"I have read with profound interest the eloquent international message that you have kindly addressed to me. . . . The very noble purposes of your message . . . are shared by the Government over which I preside and by the people of my country. It is evident that the world can wait no longer for the adoption of international measures in economic matters, the study of which has really already been exhausted. . . .

"With regard to the other grave menace, that resulting from excessive armaments, I absolutely share your generous point of view; and the four specific points of action which you indicate as immediate and secondary objectives of the Disarmament Conference will be supported by Mexico's delegation in Geneva.

"Mexico, which is not and has never been an aggressor Nation, believes that it gives thus, in addition to the action which it proposes to develop at Geneva and at London, new proof that it is absolutely at one with you and with the sentiment of the great people of the United States for the realization of the hopes for international peace and prosperity."

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From President Arias, of Panama

"The Republic of Panama brings all her good-will to Your Excellency's humanitarian initiative and trusts that the prestige of the great American democracy . . . will greatly contribute to the success of the Conferences . . . at Geneva and London."

From President Schulthess, of Switzerland

"I am hastening to thank you cordially for the important telegraphic message which you were kind enough to send me. . . . The Federal Council, which has examined this message with the deepest interest, expresses the feeling of the Swiss people by welcoming the new effort which you are making with a view to preventing the Disarmament Conference from meeting with failure which might jeopardize the peace of the world and which would leave little hope for a favorable result from the London Economic Conference."

President Roosevelt received on May 18, 1933, the following additional acknowledgments to his message:

From President Von Hindenburg, of Germany

"I acknowledge with sincere thanks receipt of your message telegraphed to me. This declaration, in which you show the world the way to eliminate the international crisis, has met with hearty approval throughout Germany. The statements which the German Reich Chancellor made yesterday, with the unanimous agreement of the German Reichstag, prove that Germany is decided to cooperate unselfishly in overcoming the political and economic difficulties of the present moment."

From President Niceto Alcala Zamora, of Spain

"I have received your telegram of May 16, in which you set forth the point of view of the Government of the United States concerning the World Economic Conference and the

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Disarmament Conference. The Spanish Government is basing its whole international policy on Article 6 of the Constitution of the Republic, in accordance with which Spain renounces war as an instrument of national policy. Spain is therefore disposed to join at all times in all measures directed toward bringing about the triumph of a solid and enduring peace policy over all obstacles. In accordance with these principles, Spain has had the honor to be the inspirer of some of the proposals which today serve as a basis for the discussions of the Disarmament Conference for the limitation of offensive arms as well as for effective and general disarmament. . . . Therefore, in the instructions that will be given to the Spanish representatives at the London Economic Conference and the Geneva Disarmament Conference, the lofty words of Your Excellency, whose suggestions will be previously studied with the greatest interest, will be carefully borne in mind."

From President Juan B. Sacasa, of Nicaragua

"I congratulate Your Excellency enthusiastically on your initiative and on your clear-sighted study of the world situation, and I am pleased to inform Your Excellency, in the name of my Government, that the greatest aspiration of the people of Nicaragua is to see the success of your noble efforts looking to the stability of world peace and to the general welfare of all the Nations. I renew to you the assurance of my great esteem and of my highest consideration."

From President J. V. Gomez, of Venezuela

"I assure Your Excellency at once of the entire cooperation of my Government in the path of contributing to the effectiveness of the ideal of peace and economic cooperation which Your Excellency proposes for yourself. I consider that the idea of disarmament is the best possible for achieving the peace of the world. When universal disarmament has been obtained, the rest must come easily, because when the peo-

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ples are deprived of the implements of war, they tend to harmony and to fraternity without mutual distrust and fear, confidence being established among all. . . .

“Venezuela will go to the conferences, both those already convoked and those which may be convoked for the purpose of considering the proposals of transcendent importance which Your Excellency’s Government is making to the world, with the most decided will and the most sincere purpose of bringing her cooperation to the task of the possible realization of the hopes, which, with good reason, are based on Your Excellency’s most lofty initiative.”

From King Vittorio Emanuele, of Italy

“I have received your noble message which meets with full response in my spirit and in that of my Government. I thank you for it and I draw from it the happiest omens for the progress of the cause of peace and of world reconstruction.”

From President Alessandri, of Chile

“The people of Chile and their Government have received with fervent enthusiasm the historic appeal which Your Excellency has been courteous enough to address to me, to seek among the various Nations of the world a formula intended to improve the economic interdependence of the Nations and prevent war. . . .

“In my opinion, unemployment is due in large part to the economic customs warfare in which the world is engaged. The Nations are combating each other in an exaggerated nationalism that produces, as an unavoidable result, all sorts of disturbances in their commercial interchange. Armament, which snatches great amounts of capital from industry and takes from it human energy to an enormous extent, also constitutes another of the factors producing unemployment. . . .

“I am convinced that a new war might not be withstood by mankind, and there would certainly have to emerge from

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its ruins a new social organization opposed to that which we are defending today and to the order derived from it. It would undoubtedly be the final disaster to the present civilization, and give rise to another historical cycle the scope and final results of which it is impossible to estimate. . . .

"I express the fervent wish that Your Excellency's lofty initiative may have results that will contribute to bringing benefits to humanity in the nearest future, and I cherish the expectation that my Government may contribute in every way in its power to the success of the result so greatly desired."

From President Jimenez, of Costa Rica

"Costa Rica, through me, sincerely applauds Your Excellency's patriotic, humanitarian and greatly important initiative and expresses most fervent good wishes for the happy outcome of the steps taken by Your Excellency, which steps will surely be well received by the Powers in whose hands lies the peace of the world."

From President Gabriel Terra, of Uruguay

"Henceforth every aggressor Nation will know that the moral and material forces of civilization will not go with it in its odious attitude. I cordially congratulate you on your inspired gesture, a gesture which, in my judgment, will be a definitive step toward peace and toward the restoration of prosperity, and the happiness of the human race."

President Roosevelt received on May 19, 1933, the following acknowledgment from President Michail Kalinin, All Union Central Executive Committee, Moscow, Russia:

"I have received your message of political and economic peace to all States and I feel sure that it will meet with warm response from the peoples of the Union of Soviet Socialist Republics. The Soviet Government, pressing the will of the peoples of the Soviet Union, has never ceased, at all interna-

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tional conferences in which it has, for over ten years, taken part, to draw attention to the necessity for universal disarmament as an indispensable premise for peace between Nations. The Soviet Government itself proposed and supported at Geneva definite projects for universal disarmament, especially those which provided for the utmost reduction of armaments, at the same time exposing unworthy attempts to discredit the idea of disarmament by exploiting it in the interests of the national policy of some States against others. The Soviet Government also proposed and supported measures aiming at preventing or at least impeding any kind of aggression or any attempt on the part of any State to enlarge its territory at the expense of others. The Soviet Government has concluded non-aggression pacts with most of the countries with which it is in official relations and can therefore only welcome your proposal for the conclusion of a pact of non-aggression by all countries. The same may be said of the Soviet Government's policy with regard to economic peace. It is common knowledge that, bearing in mind the economic interdependence of countries in all continents, we proposed at Geneva a pact for economic non-aggression. Aggression whether military or economic, on the part of one country against another, affects the interests not only of the two countries concerned, but also of all other countries, by adding to the existing economic chaos. The Soviet Government intends to continue in its efforts in the spirit of this policy. It will willingly cooperate with Governments interested in the realization of such a policy, whether at the Geneva Disarmament Conference or at the London Economic Conference."

59 ¶ A Recommendation to the Congress to
Enact the National Industrial Recovery Act to
Put People to Work. May 17, 1933

To the Congress:

BEFORE the Special Session of the Congress adjourns, I recommend two further steps in our national campaign to put people to work.

I

MY FIRST request is that the Congress provide for the machinery necessary for a great cooperative movement throughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week and to prevent unfair competition and disastrous overproduction.

Employers cannot do this singly or even in organized groups, because such action increases costs and thus permits cut-throat underselling by selfish competitors unwilling to join in such a public-spirited endeavor.

One of the great restrictions upon such cooperative efforts up to this time has been our anti-trust laws. They were properly designed as the means to cure the great evils of monopolistic price fixing. They should certainly be retained as a permanent assurance that the old evils of unfair competition shall never return. But the public interest will be served if, with the authority and under the guidance of Government, private industries are permitted to make agreements and codes insuring fair competition. However, it is necessary, if we thus limit the operation of anti-trust laws to their original purpose, to provide a rigorous licensing power in order to meet rare cases of non-cooperation and abuse. Such a safeguard is indispensable.

II

The other proposal gives the Executive full power to start a large program of direct employment. A careful survey convinces

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me that approximately \$3,300,000,000 can be invested in useful and necessary public construction, and at the same time put the largest possible number of people to work.

Provision should be made to permit States, counties and municipalities to undertake useful public works, subject, however, to the most effective possible means of eliminating favoritism and wasteful expenditures on unwarranted and uneconomic projects.

We must, by prompt and vigorous action, override unnecessary obstructions which in the past have delayed the starting of public works programs. This can be accomplished by simple and direct procedure.

In carrying out this program it is imperative that the credit of the United States Government be protected and preserved. This means that at the same time we are making these vast emergency expenditures there must be provided sufficient revenue to pay interest and amortization on the cost and that the revenues so provided must be adequate and certain rather than inadequate and speculative.

Careful estimates indicate that at least \$220,000,000 of additional revenue will be required to service the contemplated borrowings of the Government. This will of necessity involve some form or forms of new taxation. A number of suggestions have been made as to the nature of these taxes. I do not make a specific recommendation at this time, but I hope that the Committee on Ways and Means, of the House of Representatives, will make a careful study of revenue plans and be prepared by the beginning of the coming week to propose the taxes which they judge to be best adapted to meet the present need and which will at the same time be least burdensome to our people. At the end of that time, if no decision has been reached or if the means proposed do not seem to be sufficiently adequate or certain, it is my intention to transmit to the Congress my own recommendations in the matter.

The taxes to be imposed are for the purpose of providing re-

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employment for our citizens. Provision should be made for their reduction or elimination:

First, As fast as increasing revenues from improving business become available to replace them;

Second, Whenever the repeal of the 18th Amendment now pending before the States shall have been ratified and the repeal of the Volstead Act effected. The pre-Prohibition revenue laws would then automatically go into effect and yield enough wholly to eliminate these temporary reemployment taxes.

Finally, I stress the fact that all of these proposals are based on the gravity of the emergency and that therefore it is urgently necessary immediately to initiate a reemployment campaign if we are to avoid further hardships, to sustain business improvement and to pass on to better things.

For this reason I urge prompt action on this legislation.

NOTE: This message recommended two major developments in the Administration's program for recovery. One became the National Recovery Administration (N.R.A.); the second became the Public Works Administration (P.W.A.) and several other public works relief projects.

These steps were only a part of the whole emergency program — of the concerted action to put an end to the vicious downward spiral which was heading for disaster by the spring of 1933. Their objectives must be considered as a part of the entire program, along with monetary devaluation, relief work, public relief to farm and home-owning debtors, and to housing, T.V.A., etc.

I think it can be safely said that

there was not a major industry in the United States in April of 1933 that was not suffering either from overproduction, or its counterpart, underconsumption, or destructive competition, or unfair practices or lack of any comprehensive planning. This was the low point in industrial activity. National income of 80 billion in 1929 had dropped to 38 billion in 1932. The value of manufacturing production had decreased from 70 billion to 31 billion. Employment had decreased 40 percent and payrolls 60 percent.

I had become convinced that with the cooperation of business men and employees under the supervision of the Government itself, it would be possible to eliminate some of the factors causing this rapid deflation.

The National Industrial Recovery Act

If the hours of labor for the individual could be shortened, and child labor eliminated, more people could be employed. If minimum wages could be established, each worker could get a living wage. These two objectives—shorter hours and minimum wages—had to go together. Otherwise shorter hours would mean merely a “share-the-work” movement, which had been tried and failed during the previous Administration. Under such a program each man who had a job was urged to share it with another in such a way that both together earned only as much as the one had earned before. This resulted in no greater purchasing power and made no progress toward recovery of the two. My objective was not to “share” work but to increase and to “spread” work so that more people could get work, but always at a decent minimum wage. This was in line with the plank in the Democratic National Platform of 1932 which advocated “the spread of employment by a substantial reduction in the hours of labor. . . .”

Similarly if business men would agree to eliminate many other unfair competitive practices besides that of hiring sweat-shop labor, they could cooperatively avoid many of the abuses which were so ruinous to their business.

It was becoming gradually recognized in the decade prior to 1933 that business, in its own interest, should pay liberal wages in order to provide adequate and widely dis-

tributed purchasing power with which to purchase goods produced. Similarly, as the depression continued and unemployment increased, it became apparent that such things as hours and conditions of labor, child labor and minimum wages could not be entrusted solely to individual bargaining or even collective bargaining, but required public protection. I looked forward to getting results by cooperative action of employers and employees rather than by Government compulsion.

As between business men themselves, I sought by the same type of voluntary cooperation to eliminate socially undesirable competition. The anti-trust legislation of the preceding generation, necessary and beneficial as it was in checking monopolies which would gouge the public and in insisting upon honest competition, had, in many cases, been unable to prevent the rise of cut-throat or chaotic competition. I hoped that the benefits of the anti-monopoly statutes might be retained, and at the same time that the public interest might be helped, if business men were allowed to make agreements and codes of practices among themselves insuring fair competition.

I also aimed to provide further purchasing power by a large program of direct employment by means of \$3,300,000,000 of public works.

In April of 1933, I called a conference of a number of people who had been working with various

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groups upon legislation for these purposes, including Congressional leaders, Cabinet members and outside representatives of labor and of industry. The bill which came out of this conference as a composition of many months of previous study became a law on June 16, 1933. It

was the National Industrial Recovery Act, 48 Stat. 195, Public No. 67, 73d Congress, commonly known as N.I.R.A.

At the time of signing it I made a statement of its general objectives and proposed general policies (see Item 78, this volume).

60 ¶ The President and Finance Minister Pani of Mexico Issue a Joint Statement about Their Conversations on the London Conference.

May 18, 1933

IN THE course of our conversations, it has been highly satisfactory to confirm that the judgment of the two Governments coincides not only as regards the imperative need of coordinated effort of all Nations to restore economic equilibrium in the world, but also, specifically, in connection with the outstanding subjects in the Agenda which, with such purpose, are to regulate the work at the London Conference.

Likewise, we have been able to determine general features for a future understanding looking to removing obstacles that are in the way of normal development of trade relations between the two Nations.

It is also of great interest to announce that, Mexico and the United States being the two main silver-producing countries in the world, a project of agreement toward the stabilization of the price of this metal has been the subject of special and fruitful consideration in these conversations.

We may justly expect, therefore, that as a result of these conversations there will be unalterable cooperation at the World Conference, and that soon normal trade between Mexico and the United States will be restored.

(See Items 34 and 43 of this volume.)

61 ¶ The President and Finance Minister Soong of China Issue a Joint Statement about Their Conversation on World Problems. May 18, 1933

AT THE conclusion of our conversations, we note with profound gratification that we are in agreement in regard to the practical measures which must be taken for a solution of the major problems which today confront the world.

We agree that economic stability cannot be achieved without political tranquillity and that economic disarmament can be attained only in a world in which military disarmament is possible. It is our ardent hope that peace may be assured and that to this end practical measures of disarmament may soon be adopted. In this connection our thoughts naturally have turned to the serious developments in the Far East, which have disturbed the peace of the world during the past two years. There the military forces of two great Nations have been engaged in destructive hostilities. We trust that these hostilities may soon cease in order that the present effort of all the Nations of the world to reestablish political and economic peace may succeed.

We are in entire agreement that present unreasonable obstacles to international trade must be removed and that the present financial and monetary chaos must be replaced by order. In this connection we consider it essential that the price of silver, the great medium of exchange of the East, should be enhanced and stabilized. We are in the closest agreement as to many other measures which must be adopted for the rehabilitation of the economic life of China and of the world, and we are both resolved to approach the problems of the World Economic Conference, as well as the problems of the Disarmament Conference, with the determination necessary to bring their labors to success.

(See Items 34 and 43 of this volume.)

62 ¶ A Request for Federal Legislation to Help the Oil Industry. May 20, 1933

The President transmitted to the Vice President and the Speaker of the House the following letter:

AS THE Congress is doubtless aware, a serious situation confronts the oil-producing industry. Because oil taken from the ground is a natural resource which once used cannot be replaced, it is of interest to the Nation that its production should be under reasonable control for the best interests of the present and future generations.

My Administration for many weeks has been in conference with the Governors of the oil-producing States and with component parts of the industry but it seems difficult, if not impossible, to bring order out of chaos only by State action. In fact, this is recognized by most of the Governors concerned.

There is a widespread demand for Federal legislation. May I request that this subject be given immediate attention by the appropriate committee or committees? The Secretary of the Interior stands ready to present any information or data desired.

May I suggest further that in order to save the time of the Special Session it might be possible to incorporate action relating to the oil industry with whatever action the Congress decides to take in regard to other industries—in other words, that consideration could be given at the same time that action is taken on the bills already introduced and now pending in committee?

NOTE: I stated in my letter to the Governors of the various oil-producing States, dated April 3, 1933 (see Item 30, this volume), that I would undertake to make recommendations to the Congress for Federal action necessary to meet the crisis in the oil industry.

In the foregoing letter to the Presiding Officers of both Houses of the

Congress, I pointed out that the States acting alone could not secure the results sought for, and that it was essential that the Federal Government step in.

Since the conference in Washington on March 27, 1933, of the Governors of the most interested States, conditions in the industry had not improved. In fact, illegal produc-

To Help the Oil Industry

tion of crude oil in excess of allotments fixed by States had increased. In the Texas fields, for example, it became necessary to shut down for short periods of a few weeks, during some of which time martial law had to be declared in order to compel compliance with the State laws. During May, 1933, the average daily crude oil production in the State of Texas reached a level of 1,510,000 barrels, as compared with the 786,242 barrels recommended by the conference of Governors.

In my foregoing letter I referred to the possibility of incorporating remedial provisions relating to the oil industry in the bill then pending before the Congress, which later became the National Industrial Recovery Act (see Items 78 and 81 of this volume). Accordingly, an amendment was inserted in the bill, which became Section 9 of the Act as finally passed.

It had become clear indeed by this time that Federal action was essential. The several States confessed their inability to deal with the situation. Gentlemen's agree-

ments had proved abortive. State commissions had been enjoined by the courts, and the Governors of the States involved had in despair urged the Federal Government to step in and restore order in the industry. The Secretary of the Interior had been flooded with telegrams, letters and petitions ever since the oil conference in March, 1933, practically all of which strongly urged strict Federal control of the industry.

Section 9 of the National Industrial Recovery Act authorized the President to prohibit the transportation in interstate and foreign commerce of petroleum produced in excess of the amount permitted to be produced by State law or by regulation of a State commission. I acted on this authority by Executive Order No. 6199 on July 11, 1933 (see Items 95 and 95A, this volume). The section also embodied some of the recommendations of the Independent Petroleum Association Opposed to Monopoly made to the Secretary of the Interior at the Conference of Governors on March 29, 1933 (see Item 30, this volume).

63 ¶ A Typical Consolidation of Governmental Agencies by the President. Executive Order No.

6145. May 25, 1933

WHEREAS Sections 401, 402, 403, 404, 405, 406, and 407 of the Act of June 30, 1932, as amended by Section 16 of the Act of March 3, 1933, and Section 1, Title III, Act of March 20, 1933, provide, among other things, that the President may, in order to reduce expenditures to the fullest extent consistent with the efficient operation of the Government, to increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues, to group, coordinate, and consolidate executive and administrative agencies of the Government as nearly as may be, to reduce the number of such agencies by consolidating those having similar functions under a single head, to eliminate overlapping and duplication of effort, abolish the whole or any part of any executive agency and/or the functions thereof;

NOW, THEREFORE, by virtue of the authority so vested in me, and after investigation as provided in said Act as amended having found and hereby declaring that the abolition of the Board of Indian Commissioners created by Section 2039, Revised Statutes (U.S.C., Title 25, Sec. 21), is necessary to accomplish the purposes above set forth, I hereby abolish the said Board and order that its affairs be wound up by the Secretary of the Interior and its records, property, and personnel be transferred and/or remain under the supervision of the Secretary of the Interior.

This order shall take effect upon the sixty-first calendar day after its transmission to Congress unless otherwise determined in accordance with the provisions of Section 407 of the Act cited above, as amended as aforesaid.

NOTE: The Legislative Appropriation Act of June 30, 1932 (Public No. 212, 72d Congress), in order to reduce expenditures and increase efficiency in Government, gave the President authority (§401, 403) to

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group, coordinate and consolidate executive and administrative agencies of the Government and to prevent overlapping of activities by transferring the whole or any part of any agency or its functions to another executive department or agency. Such authority of the President was to be exercised by Executive Orders which were to be transmitted to the Congress. The Congress was given power to disapprove them in whole or in part within sixty days, and in the absence of Congressional disapproval within such period the Executive Orders were to become effective.

Title III of the "Act to maintain the Credit of the United States Government" approved March 20, 1933 (Public No. 2, 73d Congress), continued these provisions of law in effect.

I determined to make liberal use of this authority, both for the purposes of obtaining greater efficiency

in the processes of Government and for bringing about some saving in their operation. This was in line with the provision in the Democratic National Platform of 1932, advocating "an immediate and drastic reduction of Governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus. . . ."

Executive Order No. 6145, dated May 25, 1933, is printed above as a specimen of this type of Executive Order. It abolished the Board of Indian Commissioners and transferred its functions, records and personnel to the Department of the Interior.

The next Executive Order issued for similar purposes was No. 6166, June 10, 1933, which brought about a great many changes. My message to the Congress relative thereto and the White House statement issued on the same day are printed as Items 71 and 71A of this volume.

64 ¶ The President and S. F. de Assis Brasil of Brazil Issue a Joint Statement about Their Conversations on Economic Problems. May 25, 1933

As a result of the conversations in which we have exchanged in the fullest and most cordial manner the views entertained by our respective Governments, we are gratified to find there is entire identity of purpose between them respecting solutions of the economic and financial problems which confront the world. These conversations have been characterized throughout by the most frank spirit of friendship which has always existed between

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our two countries. We recognize fully the imperative need for removing the existing barriers to commerce between Nations and both countries will lend their best efforts to that end at the approaching Conference.

We have found ourselves in complete agreement as to the fundamental importance of a tariff truce as a first step toward ultimate reduction of tariff barriers and a general revival of international trade. We have also recognized the paramount need for stabilization of currencies as a basis for such revival.

In touching on the problems of trade between our two countries there was a completely friendly and cordial interchange of views regarding the conditions of international payments. In this connection the Brazilian Delegation took the opportunity spontaneously to declare "that the Brazilian Government assures and will always assure all American interests completely fair treatment in connection with the service of loans and the disposition of exchange under the exchange control. It will in no way discriminate between different Nations."

It is gratifying to us to look forward to the opportunity which the delegations representing our respective countries will have of cooperating fully with the other Nations of the world at London toward the realization of the purpose of the Conference.

(See Items 34 and 43 of this volume.)

65 ¶ The President and Viscount Ishii of Japan Issue a Joint Statement about Their Exchange of Views on Economic Stability. May 27, 1933

AT THE conclusion of our conversations, we are happy to note that our views coincide in regard to practical steps which need to be taken toward solving the outstanding economic problems which are now of common interest and concern to all Nations.

We concur in the view that economic stability and political tranquillity are complementary essentials to a sound basis for

The Securities Bill Is Signed

peace; that neither of these can be achieved without the other; and that both economic and military disarmament are needed for their attainment. It is our ardent hope that both may be achieved. We have had, of necessity, to think of the unusual situation which has prevailed in the Far East during the past two years. We hope that the countries of the Far East along with those of the Occident will be able to contribute substantially, in a spirit of cooperation, to the laying of solid foundations for a structure of world peace and prosperity.

We are in complete concurrence in the view that in place of the existing monetary chaos, there should be established, by international effort, an orderly régime and that unreasonable obstacles to the flow of trade and capital where they now exist should be removed and where they do not exist should be adequately safeguarded against.

We consider it highly desirable that the price of silver be reasonably enhanced and that silver exchange be stabilized. With regard to many other measures which need to be adopted in order to establish the conditions of economic and political health throughout the world, we are in close agreement.

We look toward the convening of the World Economic Conference and we observe the work of the Disarmament Conference resolved to contribute to the maximum of our ability, in a spirit of utmost cooperation, to the end that through the instrumentality of sincere and determined efforts on the part of all the Nations principles and practices may be agreed upon which will be helpful to each and to all.

(See Items 34 and 43 of this volume.)

66 ¶ The Securities Bill Is Signed. The President Issues a Statement. May 27, 1933

IT GIVES me much satisfaction to sign the Rayburn-Fletcher Securities Bill, and I know I express national feeling in congratulating Congress on its passage. For this measure at last translates

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some elementary standards of right and wrong into law. Events have made it abundantly clear that the merchandising of securities is really traffic in the economic and social welfare of our people. Such traffic demands the utmost good faith and fair dealing on the part of those engaged in it. If the country is to flourish, capital must be invested in enterprise. But those who seek to draw upon other people's money must be wholly candid regarding the facts on which the investor's judgment is asked.

To that end this Bill requires the publicity necessary for sound investment. It is, of course, no insurance against errors of judgment. That is the function of no Government. It does give assurance, however, that, within the limit of its powers, the Federal Government will insist upon knowledge of the facts on which alone judgment can be based.

The new law will also safeguard against the abuses of high-pressure salesmanship in security flotations. It will require full disclosure of all the private interests on the part of those who seek to sell securities to the public.

The Act is thus intended to correct some of the evils which have been so glaringly revealed in the private exploitation of the public's money. This law and its effective administration are steps in a program to restore some old-fashioned standards of rectitude. Without such an ethical foundation, economic well-being cannot be achieved.

NOTE: The foregoing statement was issued by me on the occasion of my approval of the Securities Act of 1933 (48 Stat. 74, Public No. 22, 73d Congress). The Act was passed pursuant to my recommendation to the Congress, dated March 29, 1933 (see Item 25, this volume).

The statute is designed to compel full and fair disclosure to investors of all of the material facts relating to new security issues publicly of-

fered or sold through the mails or in interstate commerce.

The Act requires that, with certain appropriate exceptions, all such new issues be registered with the Securities and Exchange Commission by the filing of a statement setting forth specified information. The required information, which is placed on public file, must include the purpose of the issue, the terms of the securities, the history and

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financial condition of the issuing corporation, and material information regarding its management. The purpose of this information is not to express any opinion as to the soundness or value of the securities, but to provide data upon which the average prudent investor can base an intelligent decision. To that end, the Act requires that every purchaser be given a prospectus based upon the registration statement.

Up to the end of October, 1937, nearly 3,500 applications for the registration of security issues had been filed with the Commission. These applications covered more than \$13,000,000,000 worth of securities. Of these, issues totaling over \$100,000,000 were denied registration by the Commission on the grounds that the information filed was either false or misleading, or that material omissions of fact ex-

isted; and, in addition, issues totaling over \$500,000,000 were withdrawn by registrants who were unable to meet the requirements for full and fair disclosure.

The legislation has done much to eliminate the economic waste and the loss to investors resulting from the overnight manufacture of security issues, the flotation of issues without adequate disclosure of facts, and the pouring of capital funds into fraudulent promotions; and it has brought new standards of accounting and disclosure into the field of finance.

The administration of this Act was originally given to the Federal Trade Commission, but was later transferred to the Securities and Exchange Commission organized pursuant to the Securities Exchange Act of 1934 (see Vol. III, Item 22).

67 ¶ Graduation Address at the United States Naval Academy. June 1, 1933

I AM not going to talk to you of the many heroic examples that have been set by those who in past years have received their commissions on occasions such as this. I am not going to give you a lecture on the uniqueness of your position as the first line of the Nation's defense against aggression. I am not going to dilate on the duties and responsibilities that fall upon you in war and in peace. These things you have learned from your own studies and from your instructors who have participated in them. You should, and I assume you do, know more about them than I can know and are fully appreciative of their importance and the

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grave consequences with which the manner of your performance of these duties is involved.

Knowledge of these things I must assume you have learned in the course of your term at the Academy. Otherwise you would not be here awaiting the diplomas which certify your fitness to be naval officers of the United States.

You have an advantage over many other young men, not alone in having survived the tests requisite to your receiving your diplomas, but especially in that you have learned discipline, responsibility, industry and loyalty—the very elements upon which, in every walk of life, every worth-while success is founded. Others on the threshold of active life must demonstrate their reliability; yours, because you have graduated from the United States Naval Academy, is taken for granted.

There are, however, other lessons which cannot be taught in the class rooms of the service colleges or of civilian colleges—lessons which can come only through voluntary study and voluntary practice on your part after you have graduated. These are lessons that have to do with your relationship to your fellow man in your contacts with your associates in your chosen profession of Government service or of private endeavor.

A columnist complained the other day that I had overestimated the importance of understanding of, and sympathy with, the point of view and the general well-being of what might be called the average citizen, and he intimated that a man could be highly successful in any profession without studying that point of view.

Nevertheless, when you make a close examination of any profession, you will find very few successful men, or for that matter women, who do not take into consideration the effect of their individual efforts on humanity as a whole.

Esprit de corps, pride of profession, is as delightful and imperative an element in the making of a good officer as it is in the making of a good professional or business man, but when it is carried to the point of assuming that only the holder of an Annapolis commission or diploma, or the possessor of a college

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degree, is a valid member of the aristocracy of life, it becomes a hindrance instead of a help to your service, to the Government and to your fellow citizens.

So I ask you to avoid an exclusive relationship to your own clan—to your clan of the Navy or to some other special Government service or to the clan of your profession in civil life. Remember to cultivate the friendship of people, not alone your own class or profession, but the average run of folks, the same folks you would have known and liked and affiliated with had you not been chosen to enter and to graduate from a highly specialized institution of higher education.

This I ask of you, not only for your own sakes, but for your country's sake. You who become today officers of the United States Navy are not set apart as a clique with different interests and different ideas from those of the rest of the country. Those of you who are to enter civil life are, in the same way, in no sense a clique.

You have, and should rightly have, pride in graduation from our splendid, historical Naval Academy. You inherit the tradition of honor and of efficiency. You inherit as well the tradition of service to the people of the United States. You will, I am confident, think of those people not as an abstract, theoretical mass, but as one hundred and twenty millions of men and women and children in forty-eight States—on sea coast, on plain and among the mountains; in city, in village and on farm; rich people, people of moderate means, poor people; people employed and people out of jobs. You represent them all. They have given you a glorious opportunity. Make good. Keep the faith. Good luck to you in the days to come!

68 ¶ The President and Señor Torres of Chile Issue a Joint Statement on Their Conference on Current Problems. June 3, 1933

OUR conversations have had as their object a frank and cordial exchange of views between our two countries in regard to our common problems in connection with the forthcoming World Economic Conference at London.

We are happy to announce that our two Governments are in complete agreement regarding essential remedies for the present world crisis, such as the necessity for international action at the London Conference looking to an improvement of the world price level, stabilization of currencies, and removal of obstacles to international trade which have so far retarded a world recovery.

Definitive agreement with reference to any of these subjects had, of course, to be reserved for the London Conference itself, the present conversations having as their purpose merely the exploration of the territory to be covered and a helpful exchange of views in order to assist the Conference in its high objectives. We feel that our conversations have served this purpose.

NOTE: It will be noted that in all of the joint statements issued by me on the one hand, and by the visiting representatives of foreign Nations on the other, in preparation for the Economic Conference to be held in London, of which the foregoing statement was the last, economic stability in its broadest sense was emphasized (see Items 34, 43, 43A, 43B, 43C, 43D, 45, 45A, 46, 46A, 49, 53, 60, 61, 64, and 65 of this volume).

In many of these conferences in Washington, disarmament was also

stressed. Stabilization of currencies by artificially pegging the foreign exchanges was only one of many subjects discussed. Internal price levels within individual countries, improvement of the general price level and removal of obstacles to international trade were considered at least of equal importance. This is recorded here in view of the subsequent effort at the Conference, to make everything depend upon its immediate efforts to stabilize exchange (see Items 77 and 87 of this volume).

69 ¶ White House Statement on Ameliorations of Cuts in Veterans' Allowances. June 6, 1933

IMPORTANT changes were made today by the President in regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War. These changes were approved by the President by an Executive Order which he signed.

The object of the changes made was to reduce the severity of cuts originally proposed under the so-called Economy Bill passed by the Congress to maintain the credit of the United States.

The new regulations set forth in the Executive Order were made possible by the President's original direction that the tentative regulations be carefully reviewed and amended specifically to prevent cuts in compensation of service-connected veterans which would be deeper than was intended and to effect more equitable levels of payment.

Under the new regulations, no directly service-connected veteran will be reduced in payment by more than 25 percent and the average reduction will approximate 18 percent. This regulation applies not only to World War veterans but to Spanish-American War veterans with directly connected disabilities and to peace-time veterans who have incurred a disability while with an Expeditionary Force engaged in a campaign or expedition such as Nicaragua, China, Russia or Haiti, and who have incurred injuries or disease in line of duty.

Under this regulation, the service-connected Spanish-American War veterans and some of the peace-time veterans will receive payments substantially in excess of those which they were receiving prior to the passage of the Economy Act.

With respect to World War veterans, this regulation increases the payments to those suffering from specific injuries, such as \$150 a month for those who have lost both hands or both feet or one hand and one foot or in any case where the person is so helpless as to be in need of regular aid or attendant and, in addition,

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in the case of the more severely injured, the President's new regulations increase the allowance from \$150 per month to \$175 per month.

In the case of the Spanish-American War veterans over 62 years of age and who have served 90 days or more, even though they may be suffering from non-service-connected disabilities, rates are increased from \$6 to \$15 a month and in the case of either Spanish-American War or World War veterans who are permanently and totally disabled the rate is increased from \$20 to \$30 a month.

The new regulations also liberalize allowances pertaining to burial and funeral expenses to veterans. They provide that pensions shall continue to be payable to children of deceased veterans up to the age of 18 years and that, in the event of a child being in an approved school or college, the pension may continue for an additional period until the completion of the course, but not beyond the age of 21 years.

The original regulations only authorized payment of pensions up to 16 years in such cases. These regulations also include a provision exempting from the prohibition against payment of pensions to Federal employees, the widows of deceased veterans, and those veterans whose pay is \$50 per month or less.

NOTE: As a result of the study which I requested the Administrator of Veterans' Affairs to make concerning the effects of the first regulations of March 31, 1933 (see Items 28 and 51 of this volume), recommendations for certain modifications were submitted to me; and I issued four liberalizing Executive Orders (Numbers 6156-6159, inclusive) as explained in the foregoing White House statement.

These orders increased the rates for war-time service-connected dis-

abilities and for non-service permanent total disability. Increased rates were also provided for Spanish-American War veterans over sixty-two years of age. There were also other increases provided, the full effect being to restore benefits to veterans of approximately \$50,000,000 per year.

Further liberalization took place on June 16, 1933, when I approved the Independent Offices Appropriation Act, 1934 (Public No. 78, 73d Congress; 48 Stat. 283). This Act

On the Four Power Pact

contained provisions liberalizing the terms of Public No. 2, 73d Congress, relating to hospitalization, domiciliary care and medical treatment for men discharged from the Regular Establishment for disabilities incurred in line of duty. It established a limit of reduction in World War directly service-connected cases. It authorized the establishment of Special Boards of Review to consider the cases of certain World War veterans where the question of presumptive service connection was involved. It also made increases to certain Spanish-American War veterans. Its general result was to increase veterans' benefits about \$46,000,000 annually.

During all this period, study was continuously being made of the effect of the various regulations, with the aim of preventing inconsistencies and inequalities, and on July 28, 1933, I issued further regulations in the form of Executive Orders Numbers 6229-6234, inclusive. These regulations placed in effect

the provisions of Public No. 78, 73d Congress, established a Board of Veterans' Appeals, and authorized other liberalizations.

On January 19, 1934, I issued four additional regulations (Executive Orders Numbers 6565-6568, inclusive). These increased war-time service-connected rates and eliminated certain restrictions on Spanish-American War veterans. They restored previous rates of pension payable to certain widows of men who died of disabilities incurred in line of duty. The estimated annual cost of these changes is \$21,000,000.

The total amount of restorations made by these various Executive Orders and Regulations issued subsequent to March 31, 1933, and prior to March 28, 1934, when Public No. 141, 73d Congress became a law over my veto (see Vol. III, Item 55), was about \$117,000,000 annually.

See Vol. III, Item 55, for further discussion of veterans' allowances.

70 ¶ A Commentary by the President on the Four Power Pact. June 9, 1933

THE initialing at Rome of the Four Power Pact between France, Germany, Great Britain and Italy is a good augury. The United States welcomes every effort toward replacing conflicting national aims by international cooperation for the greater advantage of all. This agreement of the principal European Powers to work closely together for the preservation of peace should give re-

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newed courage to all who are striving for the success of the Geneva and London Conferences.

NOTE: The Four Power Pact was initialed on June 7, 1933, by Germany, France, Great Britain and Italy. It was based on the theory that European peace could best be preserved through the collaboration of four strong European powers. It provided for consultation of all the high contracting parties with respect to all questions pertaining to them and for the cooperation of all powers to pursue the policy of peace within the framework of the League of Nations. It also committed each

of the contracting parties to make every effort to insure the success of the Disarmament Conference at Geneva.

The pact never really became effective, as it was not ratified by all of the powers. In fact there was much opposition shown to it, particularly by other Nations of Europe, who objected to what some of them considered was an attempt by the four powers to dictate to the rest of Europe.

71 ¶ A Message to the Congress Transmitting Executive Order No. 6166, Consolidating and Abolishing Many Governmental Agencies.

June 10, 1933

PURSUANT to the provisions of Section 1, Title III, of the Act entitled "An Act to maintain the credit of the United States Government," approved March 20, 1933, I am transmitting herewith an Executive Order for certain regroupings, consolidations, transfers, and abolitions of executive agencies and functions thereof.

Please let me tell you very simply and frankly that in transmitting this Executive Order at this late hour in the Special Session, I have had no thought of taking what might be considered an advantage of the Congress. The very urgent demands of the public business, both legislative and administrative, during the past few weeks have made it literally impossible to complete the study of consolidation.

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Many other changes are in contemplation and I have selected only those which I believe should be put into effect as quickly as possible. These additional changes I do not feel it right to submit until the next regular session of the Congress.

May I suggest that if the changes proposed in the present Executive Order are not concurred in by the Congress they can be restored or otherwise changed at the beginning of the next regular session a few months hence?

The justification for sending this Executive Order up, even at this late hour, is that it will effect a saving of more than \$25,000,000. This is well worth while.

The Executive Order 6166 only affects such reorganizations as could be determined upon within the limited period of time available for study.

71A ¶ White House Summary of Executive Order No. 6166. June 10, 1933

A SUMMARY of the Executive Order is given below; it enumerates various changes, having to do:

“1. With a system of purchasing, providing for an Office of Procurement which may purchase all articles common to the various governmental agencies, or permit other agencies to purchase specialized and technical articles.

“2. With the consolidation of all functions of administering public buildings and reservations, national parks, national monuments, and national cemeteries, in the Department of the Interior, and the abolition of the following Commissions:

Arlington Memorial Bridge Commission

Public Buildings Commission

Public Buildings and Public Parks of the National Capital Commission

National Memorial Commission

Rock Creek and Potomac Parkway Commission.

White House Summary

"3. With the consolidation of disbursing under the Treasury Department, greatly reducing the 2,200 present disbursing offices.

"4. With confining to the Department of Justice the responsibility of prosecuting and defending court actions to which the United States is a party. Some of this is now done by the various Departments.

"5. With consolidating in the Department of Justice the Insular Courts.

"6. With solicitors for several of the Departments.

"7. With consolidating in the Treasury Department under a Division of Internal Revenue the present Bureau of Internal Revenue and Bureau of Industrial Alcohol. These are revenue collecting agencies.

"8. With abolishing the completion of statistics for cities with a population of less than 100,000.

"9. With the abolition of the United States Shipping Board and the transfer to the Department of Commerce of its functions and those of the United States Shipping Board Merchant Fleet Corporation.

"10. With the abolition of the National Screw Thread Commission.

"11. With consolidation in the Department of Labor of the Bureaus of Immigration and Naturalization.

"12. With transfer to the Department of the Interior of the Federal Board for Vocational Education.

"13. With the abolition of the Coordinating Service.

"14. With the consolidation in a Division of Investigation in the Department of Justice of the investigatory functions of the Bureau of Prohibition, and with the transfer to the Division of Internal Revenue of the licensing functions of the Bureau of Prohibition.

"15. With the reduction by 25 percent of the costs of:

Cooperative vocational education and rehabilitation,
Cooperative agricultural extension work,
Agricultural experiment stations, and

White House Summary

Endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts.

“It is estimated that there will be effected under these orders a saving of at least \$25,000,000 annually.”

NOTE: The foregoing Executive Order consolidating and coordinating executive agencies (see Item 63, this volume), was a very comprehensive one, and was summarized in the foregoing White House statement.

As to Item 1 of the foregoing statement, the operation of the Order was postponed by Executive Order No. 6224, July 27, 1933, and was not made effective until October 9, 1933. There were at that time transferred to the Office of Procurement in the Treasury Department the functions formerly performed by the General Supply Committee, Office of the Supervising Architect, Government Fuel Yards, Federal Coordinating Service, Federal Real Estate Board, Federal Specifications Board, Federal Standard Stock Catalog Board, and Interdepartmental Board of Contracts and Adjustments.

The merger of functions mentioned in Item 2 of the foregoing statement took effect August 10, 1933, with certain exceptions made in Executive Order No. 6228, July 28, 1933. At the same time, there was also transferred to the Department of the Interior, the administration of expenditures for the purposes of the Commission of Fine

Arts, the George Rogers Clark Sesquicentennial Commission and the Rushmore National Commission.

As to Item 3, the effective date of the transfer of these functions was postponed or delayed from time to time by subsequent Executive Orders, namely:

No. 6224.....	July 27, 1933
No. 6540.....	Dec. 28, 1933
No. 6727.....	May 29, 1934
No. 6927.....	Dec. 21, 1934
No. 7077.....	June 15, 1935
No. 7261.....	Dec. 31, 1935
No. 7390.....	June 15, 1936
No. 7526.....	Dec. 29, 1936
No. 7639.....	June 19, 1937

In conformity with these Orders, transfers have been effected of the vast majority of the Federal Government's disbursing functions. In fact, the disbursing activities of all departments and establishments located in Washington, D. C., including the emergency as well as the regular Government activities, have been transferred to the Division of Disbursement in the Treasury Department, which was organized December 16, 1933, to take care of these newly transferred functions. The exceptions are Government Corporations, United States Mar-

White House Summary

shals, Post Office Department, the Panama Canal, and that portion of the War and Navy Departments relating to national defense. The Panama Canal, War and Navy Departments, except as pertains to departmental salaries and expenses in the District of Columbia, have been relieved of the application of this item by Executive Order No. 6728, May 29, 1934.

As a result of these transfers, twenty-three regional offices have been established, and the disbursing functions of 554 separate field offices of the various services have been transferred to them.

With respect to Item 5, the United States Court for China, and the District Court of the Virgin Islands were transferred by Executive Order, August 10, 1933, and the District Court for the Panama Canal Zone, November 4, 1933 (see Executive Orders Nos. 6243 and 6301).

With respect to Item 7, the consolidation here specified was set aside by Executive Order No. 6639, March 10, 1934. By this same Order, the Bureau of Industrial Alcohol was transferred to and consolidated with the Bureau of Internal Revenue, effective May 10, 1934.

With respect to Item 8 of the foregoing statement, 216 cities were affected. By later order of the Secretary of Commerce, the Financial Statistics of States was also discontinued.

With respect to Item 11, the former Bureau of Immigration and

the former Bureau of Naturalization were consolidated to form the present Immigration and Naturalization Service. Prior to the consolidation there were in the Bureau at Washington thirteen division heads reporting directly to the Commissioner of Immigration and nine division heads reporting directly to the Commissioner of Naturalization, making a total of twenty-two. The work has been redistributed to six branches, each under the direction of a responsible official. In the field there were thirty-five immigration and twenty-three naturalization districts with a district director and usually an assistant district director. Under the consolidation the number of these districts has been reduced from fifty-eight to twenty-two, of which twenty are in the continental United States, one in Hawaii, and one in Puerto Rico.

With respect to Item 13 of the foregoing statement, the effective date of this Order was postponed by Executive Order No. 6239 of August 2, 1933, to October 10, 1933; but it was later accelerated to October 9, 1933, by order of the Secretary of the Treasury approved by the President.

With respect to Item 15, the effective date thereof was postponed by Executive Order No. 6221, July 26, 1933, and Executive Order No. 6585 of February 6, 1934; and it was finally revoked by Executive Order No. 6586 of February 6, 1934, when it was determined that its provisions

White House Summary

would not result in more efficient operation.

In addition to the Items mentioned in the foregoing statement, Executive Order No. 6166 also abolished the Federal Employment Stabilization Board, and transferred its records to the Federal Emergency Administration of Public Works. Executive Order No. 6221 of July 26, 1933, deferred the effective date of this transfer "until sixty days after the convening of the second session of the 73d Congress." Executive Order No. 6623, March 1, 1934, finally abolished the Board and transferred its functions, personnel, records, and property to a Federal Employment Stabilization Office established in the Department of Commerce. On July 1, 1935, the functions of this Federal Employment Stabilization Office were transferred to the Office of Procurement in the Treasury Department. It is now in the Public Works Administration, at the suggestion of the National Resources Board.

From time to time additional Executive Orders were issued by me providing for transfers and consolidations of various functions. They are not being printed in these volumes for lack of space. In order to provide a continuous history of these Orders during my first Administration, I shall outline them here instead of mentioning them in their proper chronological order:

Executive Order No. 6670, April 7, 1934, transferring to the United States Civil Service Commission the

functions of administration pertaining to the retirement of civil employees of the Government, formerly vested in the Veterans' Administration. The effective date of the transfer was to be June 6, 1934, sixty days after the issuance of the Executive Order. However, Executive Order No. 6731 of June 5, 1934, permitted a deferment of the effective date until October 1, 1934. The transfer actually took place September 1, 1934.

Executive Order No. 6680, April 17, 1934, abolishing the United States Geographic Board June 16, 1934, and transferring its functions; personnel, property, and unexpended balance of appropriation to the Department of the Interior.

Executive Order No. 6694, May 1, 1934, transferring the Office of the Alien Property Custodian and its functions to the Department of Justice June 30, 1934. In accordance with the Order, all funds, securities, real estate, and other property in the hands of the Custodian were transferred to the Attorney General.

Executive Order No. 6726, May 29, 1934, transferring functions of Bureau of Insular Affairs, War Department, which pertained to Puerto Rico, to the new Division of Territories and Island Possessions in the Department of Interior.

Executive Order No. 7028, April 30, 1935, transferring certain property, functions, and funds, from the Federal Emergency Relief Administration to the Resettlement Administration.

Efforts to Settle a Dispute

Executive Order No. 7041, May 15, 1935, transferring administration of subsistence homesteads from the Secretary of the Interior to the Resettlement Administration.

Executive Order No. 7252, December 21, 1935, transferring the National Recovery Administration functions and agencies to the Departments of Commerce and Labor.

Executive Order No. 7493, November 14, 1936, placing the Puerto Rico Reconstruction Administration under the Secretary of the Interior.

Executive Order No. 7496, November 14, 1936, transferring recre-

ational demonstration projects from the Resettlement Administration to the Secretary of the Interior.

Executive Order No. 7530, December 31, 1936, transferring the funds, property, etc., of the Resettlement Administration to the Secretary of Agriculture.

The reader is also referred to my message to the Congress of January 12, 1937, printed in Volume V, dealing with a more fundamental reorganization of the executive and administrative agencies of Government than could be accomplished by these Executive Orders.

72 ¶ White House Statement on the President's Efforts to Settle a Railroad Labor Dispute.

June 12, 1933

THE President today issued a Proclamation creating a board to be composed of three mediators and instructing them to investigate and report within thirty days regarding disputes between the Kansas City Southern Railway Company, the Texarkana and Fort Smith Railway Company, and the Arkansas Western Railway Company and certain of their employees. The employees will be represented by the Order of Railway Conductors, the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Enginemen and the Brotherhood of Railroad Trainmen.

The Proclamation sets forth that these disputes "now threaten substantially to interrupt interstate commerce within the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas, to a degree such as to deprive that section of the country of essential transportation service."

Machinery for Mediation Is Set up

The Board of Mediation was created by virtue of authority given the President by the Railway Labor Act.

Members of the Board, under the Proclamation, shall be compensated in the sum of fifty dollars for every day actually employed with or upon account of travel and incident duties. Under the Economy Bill the fifty-dollar compensation will be subject to a reduction of 15 percent.

Compensation previously allowed members of such Mediation Boards has been at the rate of one hundred dollars a day and has not been subject to the 15 percent cut.

(See following Item and note.)

72A ¶ The Machinery for This Mediation Is Set up in Proclamation No. 2047. June 12, 1933

WHEREAS the President, having been duly notified by the Board of Mediation that disputes between the Kansas City Southern Railway Company, the Texarkana and Fort Smith Railway Company and the Arkansas Western Railway Company, carriers, and certain of their employees represented by

Order of Railway Conductors;
Brotherhood of Locomotive Engineers;
Brotherhood of Locomotive Firemen and Enginemen;
Brotherhood of Railroad Trainmen;

which disputes have not been heretofore adjusted under the provisions of the Railway Labor Act, now threaten substantially to interrupt interstate commerce within the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas, to a degree such as to deprive that section of the country of essential transportation service;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, by virtue of the power vested in me by the Constitution and laws of the United States, and by virtue of and under the authority in me vested by Section 10 of

Machinery for Mediation Is Set up

the Railway Labor Act, do hereby create a board to be composed of Three (3) persons not pecuniarily or otherwise interested in any organization of railway employees or any carrier, to investigate and report their findings to me within 30 days from this date.

The members of this board shall be compensated for and on account of such duties in the sum of Fifty Dollars (\$50) for every day actually employed with or upon account of travel and duties incident to such board, from which will be deducted fifteen percent (15%) as provided in Public No. 2, 73d Congress, approved March 20, 1933. The members will be reimbursed for and they are hereby authorized to make expenditures for expenses of themselves and of the board, including traveling expenses and in conformity with Public No. 212, 72d Congress, approved June 30, 1932, 11:30 a.m., not to exceed five dollars (\$5.00) per diem for expenses incurred for subsistence.

All expenditures of the board shall be allowed and paid for out of the appropriation "emergency Boards, Railway Labor Act, May 20, 1926, 1933 and 1934" on the presentation of itemized vouchers properly approved by the chairman of the board hereby created.

NOTE: The issuance of foregoing Proclamation, appointing an emergency board to settle a labor dispute between railroads and their employees, was one of seven similar incidents which occurred during my first term as President.

The matter in controversy in the foregoing case was that the employees objected to the attempt on the part of the carriers to cancel existing labor contracts and to institute new rates of pay and working conditions.

The next incident was on July 26, 1933, Proclamation No. 2051, involving the Louisiana, Arkansas &

Texas Railway Company. There the matter in controversy was a protest on the part of employees against a reduction of wages and against changes in the basis of their rates of pay and working conditions.

On November 23, 1933, Proclamation No. 2063 was issued with respect to the labor dispute involving the Southern Pacific Lines (in Texas and Louisiana) and the Texas & New Orleans Railroad Company. The matter in controversy was a threatened strike over accumulation of a number of grievances of employees.

To the Future Farmers

On November 25, 1933, Proclamation No. 2064 was issued with respect to the Mobile & Ohio Railroad (in receivership), in which the matter in controversy was a protest by employees against certain wage reductions in addition to those agreed to in the Chicago agreement on January 31, 1932.

On February 1, 1934, Proclamation No. 2073 was issued with respect to a labor dispute by the employees of the Denver & Rio Grande Western Railroad Company. The matter there in dispute was a threatened strike over an accumulation of seventy-five grievances of employees.

The next Proclamation was on March 5, 1934 (No. 2077), involving the employees of the Delaware & Hudson Railroad Corporation. The matter in dispute was a threatened strike over a previous labor agreement and a number of other grievances.

The last such Proclamation, No. 2172, issued May 21, 1936, involved the employees of the Western Pacific Railroad Company, Sacramento Northern Railway and Tide-

water Southern Railway. There the matter in controversy was the demand by the employees that a number of cases affecting rates of pay and working conditions be negotiated and settled under the processes provided by the Railway Labor Act.

In each of the foregoing instances the Emergency Boards made specific recommendations to settle the matters in controversy. In all but three of them, the recommendations of the Board sufficed to settle the dispute.

In those cases where the Emergency Board's recommendations were not accepted, the Federal Coordinator of Transportation, and later the National Mediation Board, intervened, with the result that two of the three were adjusted amicably.

The only dispute which could not be peacefully adjusted was the one with the Louisiana, Arkansas & Texas Railway. The result was a strike of large proportions in September, 1936, which eventually was settled upon the terms originally proposed between the various agencies of the Federal Government.

73 ¶ The President Talks to the Future Farmers of America. June 12, 1933

I AM very glad to welcome you to Washington and I wish I had the time and opportunity to participate in your meetings, because they are of very great personal as well as official interest to me.

I want to say a word or two to you. You are the younger gen-

To the Future Farmers

eration who are going to have in your hands the future of American rural life.

I myself was born on a farm, so I know something about it. This is no news to you who are engaged in the profession of agriculture, but you know perfectly that the odds are a thousand to one against your becoming millionaires as farmers.

But you will be doing something more important than becoming millionaires. You will be building up for future generations the soundest kind of American life and will, I think, know that even though you do not make a great deal of money, the odds are a thousand to one that you will never starve. And you will always have a roof over your heads, and you will have good educational facilities, and that is a great deal more than many in industrial life can be assured of.

I want you all to do all you can to bring home to this country the advantages of rural life. In regard to farming itself, you know we are engaged today for the first time in a program on a very large scale to save the timber supply of this country. We all know the need and necessity for lumber. It is one commodity that is indispensable to us in this country.

We have only a timber supply of the old virgin type to supply the nation for thirty or forty years. We are using up this timber about four times as fast as it grows. There are a great many farmers that have not wooded lots that ought to have them.

I believe this country can be made self-sustaining from the standpoint of its own timber supply. That can be accomplished in the national forests, in the Appalachian and Rocky Mountain forests, where we can grow lumber on a wholesale basis.

Each farm can provide for its own lumber and timber needs. Trees are just as much a crop as wheat, cotton or potatoes or anything else.

There are going to be more and more people living in the cities or living in small places who will see the advantages of living on farms, and you may be quite sure that what you are doing today is going to make for a better-rounded national life.

So let me tell you that you are performing a real service for

Home Owners Loan Act Signed

the future of the country. You are doing a fine job. Go back home to your States and counties and keep up the good work. It has been fine to see you. Many thanks.

74 ¶ The Home Owners Loan Act Is Signed — The President Urges Delay in Foreclosures.

June 13, 1933

IN SIGNING the "Home Owners Loan Act of 1933," I feel that we have taken another important step toward the ending of deflation which was rapidly depriving many millions of farm and home owners from the title and equity to their property.

The Act extends the same principle of relief to home owners as we have already extended to farm owners. Furthermore, the Act extends this relief not only to people who have borrowed money on their homes but also to their mortgage creditors.

It will, of course, take a little while to set up the machinery necessary to carry the principles of the Act into effect. In the meantime, I appeal to mortgage creditors and all others who have claims against home owners and ask them, until full opportunity has been given to make effective the refinancing provisions of the Home Mortgage Act, that they abstain from bringing foreclosure proceedings and that they abstain from seeking to dispossess the home owners who are in debt to them.

Cooperation between the officials of the Home Owners Loan Corporation, the mortgagor and the mortgagees during the next few months will make many foreclosures unnecessary and will do substantial justice to all parties concerned.

NOTE: Pursuant to my message of April 13, 1933 (see Item 39, this volume), the Congress passed the Home Owners Loan Corporation Act (48 Stat. 128, Public No. 43, 73d Congress, popularly known as HOLC), which was approved by me on June 13, 1933, with the foregoing statement.

Its object was to extend credit to three types of distressed home owners: First, those who had been in involuntary default on the date of the passage of the Act; second, those

Home Owners Loan Act Signed

who had lost their homes through foreclosure, forced sale or voluntary surrender after January 1, 1930; third, those who, while holding property free and clear, could not procure from other sources funds to pay past-due taxes or assessments and to provide for necessary repairs.

All competition by the Corporation with private lending institutions was prevented by the provision of the Act (as amended) excluding applicants from receiving HOLC loans who could secure the necessary financial assistance elsewhere.

The Corporation was capitalized with a \$200,000,000 subscription by the Treasury to its stock, and was authorized to issue bonds to the total amount of \$2,000,000,000 in exchange for first mortgages on urban homes. On June 27, 1934, this authorization was increased to \$3,000,000,000, by the passage of the National Housing Act, and on May 28, 1935, was extended to \$4,750,000,000, of which \$400,000,000 could be used for repair and reconditioning of homes. Further stabilization of home financing institutions having membership in the Federal Home Loan Bank System or non-member institutions having insurance in the Federal Savings and Loan Insurance Corporation was made possible by a provision that \$300,000,000 could be invested in them or in the bonds, debentures or notes of Federal Home Loan Banks.

What the Corporation did to ac-

complish its emergency task was to buy the mortgages of distressed home owners from those institutions and individuals who held them and were unwilling or unable to grant further extensions and concessions to the mortgagor.

A large proportion of these mortgages were written on a short-term basis for one, two, or five years; and when the Corporation assumed them, many were subject to steadily accumulating delinquencies. Indeed, a very considerable number had run beyond the term of years for which they were written and were overdue as to principal as well as interest. Interest rates on both short-term and long-term loans were high, and great numbers of them were weighted with premiums, commissions, service charges and extra fees of various kinds which added to the load borne by the borrower.

The Corporation rewrote all of the loans at a 5 percent interest rate and allowed a period of fifteen years for repayment. All of the initial charges such as appraisal, title fees, etc., and all delinquent taxes and assessments were paid by HOLC, and consolidated with the principal of the loan.

A large percentage of the houses involved were in need of repair, and in order that they be put in livable condition, and the owner's equity as well as the Corporation's investment be thus protected, necessary repairs were made in every case under close supervision and with a high standard of specifications, materials

Home Owners Loan Act Signed

and workmanship at the lowest possible cost to the owner. These costs were not thrust immediately upon the borrower, but were paid by the Corporation and made part of the loan.

The total amount loaned by the Corporation on each home was to be repaid on the basis of \$7.91 per month, including principal and interest, for every \$1,000 of the principal. Since the average loan amounted to \$3,028, the average payment per month is only about \$24. Through such easy payments, in many cases lower than rents which would have to be paid on the properties, the home owners will own their houses free of all debt at the end of the fifteen-year period.

Eighty percent of the appraised value was established as the maximum which could be loaned on any one home, and "homes" were defined as dwellings occupied by one to four families. Since HOLC was not intended to assist wealthy owners of elaborate homes, the total amount which it could lend on any property was limited to \$14,000.

Applications for HOLC loans reached their peak during the spring of 1934 when they were being received at the rate of 35,000 a week. In spite of this tremendous burden, and the limited time in which to complete its lending, HOLC made its loans on a much sounder business basis than had previously been the custom with many private lending institutions. It carefully developed a thorough and accurate ap-

praisal practice. While it had no authority under the law to lend to persons who were in no real difficulty, and while it was intended for the benefit of debtors in distress, it did not have power to lend to persons unable to meet their obligations. Its character and credit investigations were detailed and thorough, with the result that the great majority of HOLC borrowers may be relied upon for full repayment of their loans.

In cooperation with the Reconstruction Finance Corporation, HOLC was able to place nearly half a billion dollars in circulation to the benefit of small depositors by exchanging its bonds for that amount of frozen mortgage assets in closed banks of the country. The Corporation not only kept the home owners in their homes, but protected the depositors in these closed institutions and stabilized the collapsing home financing structure of the Nation. Funds amounting to hundreds of millions of dollars were released for further investment in new mortgages for building or purchasing of homes, or to meet the demands of investors who sought to withdraw their funds immediately.

Of the fund of more than \$3,000,000,000 in cash and bonds disbursed by HOLC, approximately 34 percent went to banks and trust companies, 28 percent to building and loan associations, 21 percent to individuals and the balance to mortgage companies, life insurance companies, estates, etc. \$400,000,000 in

Home Owners Loan Act Signed

cash was distributed approximately as follows: 60 percent for various Federal, State or municipal taxes; 20 percent for insurance and professional services of real estate appraisers, attorneys, title and abstract companies, credit investigators and local recording officers, and 20 percent for repairs and reconditioning.

The primary result of HOLC operations was a general restoration of morale among the distressed home owners and the investors in mortgage-lending institutions. With the knowledge that rational methods were being established upon a sound economic basis, new confidence entered the mortgage financing field.

The generous terms upon which the Corporation assumed mortgages gave the borrower tangible relief by enabling his meager funds to be used for necessities of life rather than for large monthly payments on his home.

Exchange of HOLC Government-guaranteed bonds for frozen assets of building and loan associations, savings banks and other banks, and mortgage lending institutions, reassured investors of the safety of their savings, and mortgage-lending institutions are now in a better cash position than at any time since 1930. Institutions in process of liquidation or reorganization were strengthened.

Trends toward foreclosure, forced sales, and deflation of real estate values were not only immediately retarded, but were soon reversed. By

the spring of 1936, foreclosures on all types of real estate reached the lowest level for any similar period since 1931, and foreclosures on urban property were down 28 percent from the spring of 1935. At the same time, the volume of residential construction had risen 93 percent over 1935 and 134 percent above 1934.

Almost one-quarter of a billion dollars in delinquent taxes were paid to State and municipal governments by HOLC on behalf of its borrowers. The taxes paid had an important influence in reviving the market and restoring the prices for municipal bonds. Through these disbursements many communities have been helped to maintain intact over a desperate period their schools and other essential public services, have been able to operate with less borrowed money, and, in some cases, have been saved from defaulting on their own maturing bond issues.

HOLC assumed one-sixth of the estimated present urban home mortgage debt in the United States. This means that one of every eleven owned homes in the average American city has been refinanced by HOLC. Over a million homes which would have been lost without the intervention of HOLC were saved for their owners, and after reducing the total indebtedness of its borrowers by \$200,000,000, the Corporation further eased their burdens by the granting of a three-year moratorium on principal payments.

HOLC's three years of lending

Remarks to Relief Administrators

will influence every future home mortgage loan made in the United States. Never before in our history were loans made upon such liberal terms, which yet guaranteed a return to the Corporation, and may make it possible for the Corporation to complete its work of liquidation without any net loss or any cost to the taxpayer.

HOLC has popularized a direct-reduction loan plan with many institutions which had never considered such loans, and fosters establishment of a similar standard by private lenders. This modernized kind of credit encourages the elimination of the short-term mortgages, fines and forfeitures, the hazardous second mortgage, and all the various bonus charges, special fees, etc., which in the past have penalized home owners in this country.

As recovery has advanced along the entire economic front, private lending institutions have come back

into the field and, largely under the influence of HOLC, have revised and improved their lending practices. An encouragingly large proportion of the home loans by savings banks, savings and loan associations and others are being made on a long-term basis at interest rates generally lower than previously charged.

During the course of its lending, which under the law expired June 12, 1936, HOLC made a total of 1,021,587 loans to the total amount of \$3,093,288,213. Through September 30, 1937, 23,503 of these loans amounting to \$52,849,610 had been repaid in full. Of the total interest and principal installments due up to September 30, 85.5 percent had been paid and \$117,654,000 or 14.5 percent had not been paid. The Corporation had acquired 58,189 properties, of which 3,818 had been sold and 40,295 were rented.

75 ¶ Informal and Extemporaneous Remarks to Relief Administrators. June 14, 1933

THIS is a very large and happy family party. I think we are going to get on top of this problem very soon with your help.

As you probably know, I go back quite a long way in this relief work. It was three years ago, very nearly, when I was Governor of New York, that we passed a perfectly unheard of relief bill—twenty-five million dollars for one year's expenditures—and Harry Hopkins took charge of it. We did a great deal and I learned a lot about relief from him in his work. That is the

Remarks to Relief Administrators

reason I brought him down here to Washington when we started this work.

All during the campaign I think both parties made it fairly clear, especially, I might add, the Democratic Party, that there was a certain principle involved that is just as sound today as it was last year. It is this: The first responsibility of taking care of people out of work who are lacking housing, clothing or food — the first charge is upon the locality; then, if the locality has done everything that it possibly can do, it is the duty of the State to step in and do all the State can possibly do; and, when the State can do no more, then it becomes the obligation of the Federal Government. That is why we have the present relief bill.

Now, of course, we are tackling this thing, as you know, on a great many fronts at the same time. We not only have this actual relief fund of the Federal Government, which is to supplement the work of the localities and of the States, but we are helping to improve things through three or four other measures that are going to count very greatly in giving people work.

You all know about the first one passed in March — that was the C.C.C. camps. We actually have 235,000 men enrolled in those camps at the present time. More are in the preliminary camps — not all out in the woods but they will be very shortly. By the fifteenth of July we shall have 275,000 people all actually at work in the woods. It is a pretty good record, one which I think can be compared with the mobilization carried on in 1917.

Then there is this bill which was passed yesterday and which gives us two very large measures of work relief. The first is the section of the bill relating to industrial control. We are going to get that started just as fast as we humanly can. Just to give you an illustration, it has been estimated by the cotton industry alone that the Code which they are going to propose to us for the cotton industry will put to work, through the shortening of hours alone, about 130,000 more people than are working at the present time. Now, that is just one industry, and that will be a big help. If all the major industries within the next month or

Remarks to Relief Administrators

two do the same thing, it means we will be able to put several million more people back to work.

Then the other part of the bill is the public works end of the bill, which carries with it the largest peacetime appropriation that has been passed in the history of any country in the world — \$3,300,000,000 for public works of various kinds. Our object will be to spread those public works relatively in proportion to the need in the various parts of the country. We shall start on projects that will give the largest percentage of actual labor expenditures and the smallest percentage of expenditures that do not go into labor. That will get started in the next few months.

The result of these measures is that on your relief problem you are going to find that your task will get easier and easier as time goes on.

As to this relief money that the Federal Government is putting up, I think it should be made perfectly clear that it is only to be used where the localities have done everything that they can possibly be asked to do, both through private charity and public appropriation, and that the State Governments have done everything that they could possibly do within reason. If that is not sufficient and the Federal funds are needed, that is where these funds are to be used.

I prepared a little statement here for the Press which I will read to you more as a matter of record than anything else. It is very short.

The Emergency Relief Act is an expression of the Federal Government's determination to cooperate with the States and local communities with regard to financing emergency relief work. It means just that. It is essential that the States and local units of Government do their fair share. They must not expect the Federal Government to finance more than a reasonable proportion of the total. It should be borne in mind by the State authorities and by the five thousand local relief committees, now functioning throughout the land, that there are four million families in need of the necessities of life.

Remarks to Relief Administrators

Obviously the Federal Relief Administrator should put as much responsibility as possible on the State Administration. This means a competent set-up in each State, preferably a commission of five or six well-known citizens, who will not only administer the relief in a business-like way but entirely apart from partisan politics. The only way relief officials can be assured that people are getting relief who need relief is to have competent administration.

We are not passing the buck to you but we are asking you to pull your own weight in the boat.

It is essential that there be effective coordination of relief and public works in all communities. While an important factor in setting up a public works program is speed, there is no intention of using the public works funds simply to build a lot of useless projects disguised as relief. It is the purpose to encourage real public works. One function of public works in an emergency is to provide a bridge by which people can pass from relief status over to normal self-support. Partisan politics must play no part in the carrying out of this work. The use of public works as a means of rational redistribution of population from congested centers to more wholesome surroundings where people can have a chance to lead normal life will be encouraged.

That is one of my pet children and has been for a great many years, and applies where we have the kind of congestion in industrial communities that will continue to be congestion and bring unemployment even in times of prosperity. We have to do something to get that particular burden out of the community, and to spread people around where they will have more elbow room and raise a large part of their own food supply.

It is a primary purpose of my Administration to cooperate with the States and with industry to secure work opportunities for as many of the unemployed as possible, by which they will find employment through normal channels. But

Remarks to Relief Administrators

until those jobs are available the Federal Government, States and every local community must provide relief for every genuinely needy unemployed person in America.

I know that I can count on your full and complete cooperation with the Federal Emergency Relief Administrator and I can assure you on his behalf of a sympathetic understanding of your problems and of decisive action when that is necessary.

And so all I can tell you now is, "Go to it, and God bless you." We will help you all we can.

NOTE: In this speech I tried to make it clear again that the new Government policy of relief would not absolve States and local communities from their responsibility to do everything within their power to provide the necessities of life for their destitute unemployed. Again and again I found it necessary to repeat the principle that when the locality has done all it can, the obligation is on the State to try to complete the unfinished job, and that only after the State and the localities have done their utmost should Federal funds be provided where necessity continued.

The FERA in Washington (see Items 21 and 55 of this volume) was concerned primarily with the granting of funds to the Governors of States under certain general conditions and standards. In the main it did not directly administer relief in the States, unless there was such lack of cooperation by the State relief authorities that the Federal agency had to step in and administer relief directly. Fortunately, these instances

were few.

In the States the work of administering relief was vested in State emergency relief administrations or commissions. After the grant was made, the funds became the property of the State, and were thus beyond direct administrative control of the FERA. However, the tacit Federal control derived from month-by-month allotments proved adequate. State relief machinery was functioning in every State by the end of 1933, disbursing both Federal and State funds (where the latter were available) to county and local relief administrations.

These county and local relief administrations were responsible directly to their State organizations and had no contact with the FERA. They combined Federal and State allotments with local funds and made the actual disbursement to persons whose need had been established by proper investigation.

Virtually all the \$4,114,000,000 expended through this cooperative Federal-State-local relief system

On British War Debt Payment

from June, 1933, through August, 1936, was disbursed by the local offices. In this way the local relief agency was the actively functioning unit in this relief organization.

The amount of Federal money allotted to each State was based upon the testimony of its Governor as to the number of destitute persons, the amount of aid necessary and the relative resources of the State and its sub-divisions. The program provided for either work relief or direct relief to a destitute family, according to its needs, as determined by investigation. In many cases an employable member of a family was able to do useful work on a public project in return for the aid he received. Families sometimes had no member able to work, or communities did not have public projects on which to employ them. In these cases the needy were supplied directly with cash, with goods distributed from commissaries or with orders for groceries, fuel, clothing and other necessities.

Since 75 percent of the heads of relief families were employable, and work relief was considered more desirable than direct relief as a means

of maintaining the skills and work habits, as well as the morale, of the jobless, a vast number of public improvements was carried out even in the early stages of FERA. Approximately 2,000,000 persons were engaged in work relief in March, 1933, and 1,500,000 in November.

In these early months of the program, relief work projects were carried out entirely by local officials without any Federal visa, and varied widely in character and quality. Much was excellent and of pronounced permanent value, but a considerable quantity was too hastily planned or of the "leaf-raking" type. This was perhaps emphasized by the FERA rule that Federal funds could not be used for the purchase of materials, a fact which handicapped the development of worth-while projects. These deficiencies of 1933 were corrected to a marked degree in 1934.

In November, 1933, a new emergency brought about the creation of another relief agency by Executive Order No. 6420B, the Civil Works Administration (C.W.A.). See Items 155 and 155A of this volume.

76 ¶ Statement on British War Debt Payment "As an Acknowledgment of the Debt."

June 14, 1933

THE British Government has today announced a payment to the United States of ten million dollars with a note indicating that

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this payment is to be considered "as an acknowledgment of the debt pending a final settlement." It has in its accompanying note pointed out circumstances that have induced it to take this action.

Such payment does not, of course, in any sense prejudice the freedom of either Government in any subsequent discussion of the entire debt question which will take account of this and other debt payments. I announced in November, 1932, a policy to the effect that a debtor may at any time approach a creditor with representations concerning the debt and to ask for readjustment of the debt or its terms of payment. Under such circumstances the debtor Government makes such representations as it deems of importance with respect to the desirability of any readjustment in the terms already agreed upon. The British Government availed itself of this principle following the payment of the December fifteenth payment and I had informal discussions concerning the debt with the British Ambassador even before my inauguration. On the occasion of the visit of the Prime Minister of Great Britain in April further exploration of the subject was made by us and additional discussions were held by the experts of the two Governments. Time and circumstances would not permit any definitive conclusions in these discussions because at the moment both Governments were vitally concerned in making preparation for the World Monetary and Economic Conference in London. It seems the part of fairness and wisdom to postpone formal representations on the debt subject until later. Meanwhile, the World Economic Conference is beginning under favorable auspices and it is vitally necessary that during the opening days of the Conference difficult and possibly protracted discussion of the debt be avoided.

In a spirit of cooperation I have as Executive noted the representations of the British Government with respect to the payment of the June fifteenth installment, inasmuch as the payment made is accompanied by a clear acknowledgment of the debt itself. In view of those representations and of the payment I have no personal hesitation in saying that I do not characterize the resultant situation as a default.

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Beyond this the law and the Constitution do not permit me to go. The American public understands clearly that the settlement under which these debts are now being paid was made under the authority of Congress and that Congress alone has the right to alter the amount and method of payment of this debt. Further than this, the Congress in December, 1931, in approving the moratorium in June of that year, specifically set forth that the debt should not be canceled or reduced.

Under my constitutional power, and in accordance with the terms of the policy which I have set forth, I can entertain representations of the British Government concerning the entire debt settlement and the British Government has requested that such opportunity be afforded. I have, therefore, suggested to them that such representations be made in Washington as soon as convenient. As a matter of information to the American public, I want to make it clear that the Economic Conference now being held in London does not include in its program any consideration of the debts owed by various Governments to the United States. The American delegates have been instructed not to discuss debts with the representatives of any of the debtor Governments. This is in accordance with the further principle that I have felt important, that the debts be considered on their merits and separate from other international economic questions.

I have further informed the British Government that such representations and suggestions as may be made to me by the British representatives when they discussed the problem in Washington will be submitted to the Congress for information and consideration when the Congress next meets.

77 (Statement by Secretary of the Treasury Denying London Rumors of Currency Stabilization.

June 15, 1933

VARIOUS reports from London published today concerning an agreement by American delegates to stabilization in some form have been brought to my attention. Such reports cannot be founded in fact.

Any proposal concerning stabilization would have to be submitted to the President and to the Treasury and no suggestion of such a proposal has been received here. The discussions in London in regard to this subject must be exploratory only and any agreement on this subject will be reached in Washington, not elsewhere.

NOTE: The Monetary and Economic Conference (see Items 34, 43, and 68 of this volume) had convened at London on June 12, 1933. The American delegation to it was headed by Hon. Cordell Hull, Secretary of State.

It soon became evident that there were great obstacles, during those days of rapid economic change, in the way of immediate general agreement between the representatives of the many different countries, each of which had its own peculiar domestic economic circumstances and problems. The discussions between financial technicians, that had been inaugurated outside of the Conference but simultaneously with its beginning, began to indicate a determination and insistence upon the part of some of the countries, upon some definite and immediate form of stabilization of the exchange

rates between the currencies of the various countries, particularly between the dollar, the franc, and the pound.

As was pointed out in Item 34 of this volume, stabilization of currencies was only a small fraction of the problems facing the world. At the date of the Conference it was far more important to bring about a rise in national price levels in the United States from the low depression stages. We would have to learn by experience what were the natural rate regions for the stabilization of the important currencies. The concentration of attention in the early stages of the Conference upon this one question of monetary stabilization was grossly excessive, particularly in the light of well-known conditions which would have made any decisive action at this time premature.

The Goal of N.I.R.A.

Rumors became so insistent that the so-called gold-bloc Nations were going to insist definitely upon exchange stabilization that the Secretary of the Treasury found it necessary to issue the foregoing statement of June 15th. The newspaper reports to which his statement refers were without question "suggested" by the so-called gold-bloc Nations. They were wholly contrary to the position taken by the Secretary of State and the other American delegates.

It is a simple fact that throughout the London Monetary and Economic Conference the President and the Secretary of State worked personally in complete accord. Those who are in possession of all the facts

know that press stories and other reports referring to divergency of views in London or in Washington were caused principally by the over-enthusiasm or unwarranted assumption of authority on the part of some who took part in the work of the American delegates but were not themselves members of the delegation.

The statement is important, not only as showing the necessity of further thought on stabilization, but also as showing that this Government made it clear, as early as June 15, 1933, that all questions relating to stabilization of currency would have to be referred back to Washington for final decision.

78 ¶ The Goal of the National Industrial Recovery Act — A Statement by the President on Signing It. June 16, 1933

HISTORY probably will record the National Industrial Recovery Act as the most important and far-reaching legislation ever enacted by the American Congress. It represents a supreme effort to stabilize for all time the many factors which make for the prosperity of the Nation, and the preservation of American standards.

Its goal is the assurance of a reasonable profit to industry and living wages for labor with the elimination of the piratical methods and practices which have not only harassed honest business but also contributed to the ills of labor.

While we are engaged in establishing new foundations for business which ultimately should open a return to work for large numbers of men, it is our hope through the so-called Public Works section of the law speedily to initiate a program of public

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construction that should yearly reemploy additional hundreds of thousands of men.

Obviously, if this project is to succeed, it demands the whole-hearted cooperation of industry, labor and every citizen of the Nation.

(See Items 59, 79 and 81 of this volume.)

79 ¶ The Machinery of N.R.A. Is Set Up — The Administrator Is Appointed. Executive Order No. 6173. June 16, 1933

PURSUANT to the authority of "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933, and in order to effectuate the policy set forth in Title I — Industry Recovery — of said Act;

1. I hereby appoint Hugh Johnson to be the Administrator for Industrial Recovery under said Title I of said act.

2. I hereby appoint a Special Industrial Recovery Board to be composed of the following members: The Secretary of Commerce, Chairman; the Attorney General; the Secretary of the Interior; the Secretary of Agriculture; the Secretary of Labor; the Director of the Budget; the Administrator for Industrial Recovery; the Chairman of the Federal Trade Commission.

The Administrator during the ensuing 30 days shall have authority, subject to the general approval of the Special Industrial Recovery Board, to appoint the necessary personnel on a temporary basis to conduct hearings and to do such other and necessary work as authorized under Title I of said act.

NOTE: As appears from the foregoing Executive Order, I appointed General Hugh S. Johnson as Administrator for Industrial Recovery, to exercise the powers under Title I of the National Industrial Recovery Act, popularly known as N.I.R.A., (48 Stat. 195), subject to

The Machinery of N.R.A.

the general approval of the Special Industrial Recovery Board. (See Item 59 of this volume for my message to the Congress requesting the enactment of N.I.R.A.)

The Act did not itself set up any specified form of administration. It authorized and directed the President to designate such officers and employees as might be necessary, for carrying out its purposes. This flexibility was very desirable in the crisis which had to be met. It was recognized that it would be necessary gradually to work out the best method of administration.

The functions of the Special Industrial Recovery Board were never very clearly defined and in the course of time the actual day-by-day administration of the Act centered more and more in the Administrator and the President.

The administrative instrumentality for the operation of Title I of this statute consisted of codes of fair competition drawn up for separate trades or industries by associations or groups, which under the statute had to be truly representative of such trades or industries, with no inequitable restrictions on admission. An express provision of the Act required that the codes should not promote monopolies or eliminate or oppress small enterprises.

The codes had to be approved by the President or by his representative. (See Item 118 of this volume

for a typical order approving a code.) A code once approved was to become binding upon the entire industry to which it applied, and was to be enforceable in court.

Every code was required (by the now famous Section 7-A of the statute) to guarantee to employees the right of collective bargaining by representatives of their own choosing, free from restraint or coercion of employers. Approved code activities were to be exempt from the anti-trust laws.

Although the statute offered a variety of means, voluntary and obligatory, to the ends sought, those chiefly used depended on the voluntary action of a majority of an industry expressed in codes with powers of enforcement under public supervision. The codes generally contained two general classes of provisions: (1) labor provisions and (2) trade practice provisions.

There was urgent need for speed. This need resulted in putting the machinery of the National Recovery Administration (popularly known as N.R.A.) in motion before adequate planning and research could be begun, let alone completed.

In fact, public hearings on the first code began as soon as June 27 (Cotton Textile Code). It was approved by me and became effective July 9, 1933. On signing it, I made a statement printed as Item 93 of this volume.

80 ¶ Organization of Public Works Administration Is Established. Naval Construction. Executive Order No. 6174. June 16, 1933

PURSUANT to the authority of "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933, and in order to effectuate Title II—Public Works and Construction Projects—thereof;

1. I hereby appoint Colonel Donald H. Sawyer to exercise temporarily the office of Federal Emergency Administrator of Public Works.

2. I hereby appoint a Special Board for Public Works consisting of the following: The Secretary of the Interior, Chairman; the Secretary of War; the Attorney General; the Secretary of Agriculture; the Secretary of Commerce; the Secretary of Labor; the Director of the Budget; Colonel George R. Spalding and Assistant Secretary of the Treasury Robert.

During the ensuing 30 days the Federal Emergency Administrator of Public Works shall have authority to allot the sum of not to exceed \$400,000,000 provided for in Title II of said act for highway building for distribution among the States, Territories, and the District of Columbia, and authority to allot the sum of not to exceed \$238,000,000 to the Department of the Navy for the construction of certain vessels, the construction whereof conforms to the London Naval Treaty and has heretofore been approved by me.

The distribution of the money herein allocated for public roads shall be subject to the approval of the Board for Public Works.

The Federal Emergency Administrator of Public Works is hereby authorized to employ such necessary personnel on a temporary basis as may be approved by the Board.

During the next 20 days it shall be the duty of the Federal Emergency Administrator of Public Works and the Board herein

Organization of P.W.A.

constituted to study and report to me on all public-works projects which have heretofore been submitted or shall hereafter be submitted.

NOTE: The principles behind Title II of N.I.R.A. were simple: (1) it would employ a vast number of idle men and women in useful work; (2) it would create a substantial resumption of enterprise which was an essential element in the fight for recovery; (3) it would act as a means of priming the pump of business by distributing purchasing power throughout the land.

The statute marked the first clear recognition of the Federal Government's responsibility to formulate and administer a nationwide program of public works. The first appropriation for all the purposes of this Act was \$3,300,000,000 (Public No. 77, 73d Congress).

I appointed Colonel Donald H. Sawyer as Federal Emergency Administrator of Public Works, subject to the general supervision of a Special Board as described in the foregoing Executive Order.

The Board has had two main functions: (a) to advise the President on all major matters of policy arising out of N.I.R.A. relating to public works; (b) to pass upon all allotment applications for Public Works funds, either as loans or as grants. The actual allotments have been made by the President himself.

See Item 89, this volume, for change in this administrative set-up (Executive Order 6198, July 8, 1933).

N.I.R.A. gave the President the authority to include in the program of public works "if in the opinion of the President it seems desirable, the construction of naval vessels within the terms and/or limits established by the London Naval Treaty of 1930 and of aircraft required therefor and construction of heavier-than-air aircraft. . . ."

By the foregoing Executive Order I allocated a sum, not to exceed \$238,000,000, for the construction of certain vessels conforming to the London Naval Treaty. I approved a program of thirty-one vessels, including aircraft therefor, sixteen to be built in private yards and fifteen in navy yards.

In addition, the regular Naval Appropriation Act for 1933 authorized five vessels, making a total of thirty-six. This, together with one cruiser authorized in 1929, but for which appropriation was made in 1933, constituted a building program for 1933 of a size which had not been undertaken by this country since 1916. This was the beginning of a sustained program of my Administration to bring the United States Navy up to the treaty strength.

In accordance with code provisions the private shipyards began to operate on a thirty-two-hour week, later increased to thirty-six hours. They are now operating on a forty-

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hour week, as are the navy yards themselves. The effect of this appropriation in relieving unemployment and "spreading" work is obvious.

the Vinson-Trammell Act (March 27, 1934) authorizing further increase in the Navy's size. (See Item 54, Vol. III.)

The next year (1934) I approved

81 ¶ Presidential Statement on N.I.R.A. — "To Put People Back to Work." June 16, 1933

THE law I have just signed was passed *to put people back to work*, to let them buy more of the products of farms and factories and start our business at a living rate again. This task is in two stages; first, to get many hundreds of thousands of the unemployed back on the payroll by snowfall and, second, to plan for a better future for the longer pull. While we shall not neglect the second, the first stage is an emergency job. It has the right of way.

The second part of the Act gives employment through a vast program of public works. Our studies show that we should be able to hire many men at once and to step up to about a million new jobs by October 1st, and a much greater number later. We must put at the head of our list those works which are fully ready to start now. Our first purpose is to create employment as fast as we can, but we should not pour money into unproved projects.

We have worked out our plans for action. Some of the work will start tomorrow. I am making available \$400,000,000 for State roads under regulations which I have just signed, and I am told that the States will get this work under way at once. I have also just released over \$200,000,000 for the Navy to start building ships under the London Treaty.

In my Inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By "business" I mean the whole of commerce as well as the whole of industry; by workers I mean all workers, the white collar class as well as the men in overalls;

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and by living wages I mean more than a bare subsistence level—I mean the wages of decent living.

Throughout industry, the change from starvation wages and starvation employment to living wages and sustained employment can, in large part, be made by an industrial covenant to which all employers shall subscribe. It is greatly to their interest to do this because decent living, widely spread among our 125,000,000 people, eventually means the opening up to industry of the richest market which the world has known. It is the only way to utilize the so-called excess capacity of our industrial plants. This is the principle that makes this one of the most important laws that ever has come from Congress because, before the passage of this Act, no such industrial covenant was possible.

On this idea, the first part of the Act proposes to our industry a great spontaneous cooperation to put millions of men back in their regular jobs this summer. The idea is simply for employers to hire more men to do the existing work by reducing the work-hours of each man's week and at the same time paying a living wage for the shorter week.

No employer and no group of less than all employers in a single trade could do this alone and continue to live in business competition. But if *all* employers in each trade now band themselves faithfully in these modern guilds—without exception—and agree to act together and at once, none will be hurt and millions of workers, so long deprived of the right to earn their bread in the sweat of their labor, can raise their heads again. The challenge of this law is whether we can sink selfish interest and present a solid front against a common peril.

It is a challenge to industry which has long insisted that, given the right to act in unison, it could do much for the general good which has hitherto been unlawful. From today it has that right.

Many good men voted this new charter with misgivings. I do not share these doubts. I had part in the great cooperation of 1917 and 1918 and it is my faith that we can count on our industry once more to join in our general purpose to lift this new threat and to do it without taking any advantage of the public

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trust which has this day been reposed without stint in the good faith and high purpose of American business.

But industry is challenged in another way. It is not only the slackers within trade groups who may stand in the path of our common purpose. In a sense these groups compete with each other, and no single industry, and no separate cluster of industries, can do this job alone for exactly the same reason that no single employer can do it alone. In other words, we can imagine such a thing as a *slacker industry*.

This law is also a challenge to labor. Workers, too, are here given a new charter of rights long sought and hitherto denied. But they know that the first move expected by the Nation is a great cooperation of all employers, by one single mass-action, to improve the case of workers on a scale never attempted in any Nation. Industries can do this only if they have the support of the whole public and especially of their own workers. This is not a law to foment discord and it will not be executed as such. This is a time for mutual confidence and help and we can safely rely on the sense of fair play among all Americans to assure every industry which now moves forward promptly in this united drive against depression that its workers will be with it to a man.

It is, further, a challenge to administration. We are relaxing some of the safeguards of the anti-trust laws. The public must be protected against the abuses that led to their enactment, and to this end, we are putting in place of old principles of unchecked competition some new Government controls. They must, above all, be impartial and just. Their purpose is to free business, not to shackle it; and no man who stands on the constructive, forward-looking side of his industry has anything to fear from them. To such men the opportunities for individual initiative will open more amply than ever. Let me make it clear, however, that the anti-trust laws still stand firmly against monopolies that restrain trade and price fixing which allows inordinate profits or unfairly high prices.

If we ask our trade groups to do that which exposes their business, as never before, to undermining by members who are un-

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willing to do their part, we must guard those who play the game for the general good against those who may seek selfish gains from the unselfishness of others. We must protect them from the racketeers who invade organizations of both employers and workers. We are spending billions of dollars and if that spending is really to serve our ends it must be done quickly. We must see that our haste does not permit favoritism and graft. All this is a heavy load for any Government and one that can be borne only if we have the patience, cooperation, and support of people everywhere.

Finally, this law is a challenge to our whole people. There is no power in America that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval.

↘ As to the machinery, we shall use the practical way of accomplishing what we are setting out to do. When a trade association has a code ready to submit and the association has qualified as truly representative, and after reasonable notice has been issued to all concerned, a public hearing will be held by the Administrator or a deputy. A Labor Advisory Board appointed by the Secretary of Labor will be responsible that every affected labor group, whether organized or unorganized, is fully and adequately represented in an advisory capacity and any interested labor group will be entitled to be heard through representatives of its own choosing. An Industrial Advisory Board appointed by the Secretary of Commerce will be responsible that every affected industrial group is fully and adequately represented in an advisory capacity and any interested industrial group will be entitled to be heard through representatives of its own choosing. A Consumers Advisory Board will be responsible that the interests of the consuming public will be represented and every reasonable opportunity will be given to any group or class who may be affected directly or indirectly to present their views.

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At the conclusion of these hearings and after the most careful scrutiny by a competent economic staff the Administrator will present the subject to me for my action under the law.

I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught. We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible. If we can thus start a strong, sound, upward spiral of business activity, our industries will have little doubt of black-ink operations in the last quarter of this year. The pent-up demand of this people is very great and if we can release it on so broad a front, we need not fear a lagging recovery. There is greater danger of too much feverish speed.

In a few industries, there has been some forward buying at unduly depressed prices in recent weeks. Increased costs resulting from this Government-inspired movement may make it very hard for some manufacturers and jobbers to fulfill some of their present contracts without loss. It will be a part of this wide industrial cooperation for those having the benefit of these forward bargains (contracted before the law was passed) to take the initiative in revising them to absorb some share of the increase in their suppliers' costs, thus raised in the public interest. It is only in such a willing and considerate spirit, throughout the whole of industry, that we can hope to succeed.

Under Title I of this Act, I have appointed Hugh Johnson as Administrator and a special Industrial Recovery Board under the Chairmanship of the Secretary of Commerce. This organization is now prepared to receive proposed Codes and to conduct prompt hearings looking toward their submission to me for ap-

Appreciation to the Congress

proval. While acceptable proposals of no trade group will be delayed, it is my hope that the ten major industries which control the bulk of industrial employment can submit their simple basic Codes at once and that the country can look forward to the month of July as the beginning of our great national movement back to work.

During the coming three weeks Title II relating to public works and construction projects will be temporarily conducted by Colonel Donald H. Sawyer as Administrator and a special temporary board consisting of the Secretary of the Interior as Chairman, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of War, the Attorney General, the Secretary of Labor and the Director of the Budget.

During the next two weeks the Administrator and this board will make a study of all projects already submitted or to be submitted and, as previously stated, certain allotments under the new law will be made immediately.

Between these twin efforts—public works and industrial re-employment—it is not too much to expect that a great many men and women can be taken from the ranks of the unemployed before winter comes. It is the most important attempt of this kind in history. As in the great crisis of the World War, it puts a whole people to the simple but vital test:—*“Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory?”*

82 ¶ A Letter of Appreciation to the Congress.

June 16, 1933

Dear Mr. Speaker:

BEFORE the adjournment of the Special Session I want to convey to you and to the members of the House of Representatives an expression of my thanks for making possible, on the broad average, a more sincere and whole-hearted cooperation between the legislative and the executive branches of the United States Gov-

Cooperation in Crop Reduction

ernment than has been witnessed by the American people in many a long year.

This spirit of teamwork has in most cases transcended party lines. It has taken cognizance of a crisis in the affairs of our Nation and of the world. It has grasped the need for a new approach to problems both new and old. It has proven that our form of government can rise to an emergency and can carry through a broad program in record time.

I am certain that the American people are appreciative of the work of this Special Session of the Seventy-third Congress.

Please let me add that the past few months have given to me very special pleasure in the renewal of old friendships and the forming of new friendships among the House of Representatives. To each and every one of you I send my best wishes for a well-deserved and happy holiday during the coming months.

Hon. Henry T. Rainey
House of Representatives
Washington, D. C.

NOTE: The foregoing letter was sent to the Speaker of the House of Representatives. An identical letter was sent to the Presiding Officer of the Senate. Similar letters have been sent by me on the occasion of the conclusion of the various Congressional sessions.

83 ¶ The President Asks Cotton Growers to Cooperate in Crop Reduction. June 24, 1933

THE fate of any plan depends upon the support it is given by those who are asked to put it into operation. This program for the cotton producer essentially places the responsibility upon the individual farmer.

He and he alone will, in the last analysis, determine whether it shall succeed.

This plan offers the cotton producer a practical, definite means to put into immediate application the methods which Congress has prescribed to improve his situation.

Cooperation in Crop Reduction

I have every confidence that the cotton producer will face the facts and cooperate fully in the reasonable and practical plan that is proposed.

NOTE: When the Agricultural Adjustment Act was signed on May 12, 1933 (see Items 20 and 54 of this volume), there was an unusually large crop of cotton in prospect. This new crop added to the existing carryover would have increased the surplus to an unprecedented total. It was evident that drastic and immediate steps would have to be taken to prevent a further sharp decline in cotton prices.

The foregoing statement and the letter to the Secretary of Agriculture (printed as Item 92, this volume) show how important the Administration thought it was, not only to the cotton farmers themselves but to the whole recovery program, that the depressing results of a new unsalable crop be avoided.

The history of cotton production in the United States between 1921 and 1926 had been one of more and more acres being put into production. From 29,716,000 acres in 1921, the acreage had increased to 45,839,000 in 1926. The same rate of expansion was taking place in foreign countries partly because cotton-consuming countries believed that the boll weevil, which had spread over most of our Cotton Belt in 1921, had permanently crippled the American cotton industry.

When the boll weevil had been successfully combated and the yields

had begun to increase again in the United States, foreign cotton production had increased to such an extent that the consumption of American cotton abroad fell to 13,000,000 bales in 1929, as compared with more than 15,000,000 bales in each of the preceding three seasons. The world carryover of American cotton in 1929 was less than 5,000,000 bales; by 1932 it had increased to 13,000,000 bales.

Although the acreage planted to cotton in the United States had decreased from 1926 to 1933, the economic situation in the Cotton Belt by May, 1933, was desperate. The average gross income per farm family from cotton had slumped from \$735 in 1928 to \$216 in 1932. The cotton which sold for 28.7¢ in 1923 and for 18¢ in 1928 sold at 4.6¢ in June, 1932. In January, 1933, it was 7¢ per pound lower than the price should have been in order to give the cotton farmer purchasing power equal to that of the pre-war period.

There were no other staples to which the farmers of the South could turn their land. Besides, many families had returned to the rural areas of the South from the industrial centers of the country, bringing a prospect of further increase in the production of cotton.

Cooperation in Crop Reduction

At a conference held on May 23, 1933, between representatives of the Bureau of Agricultural Economics, the Extension Service and the A.A.A., it was decided that the minimum objective for 1933 must be the elimination of 10,000,000 acres or 3,000,000 bales of cotton from the crop there growing. Extensive interviews held throughout the South with hundreds of farmers, and expert calculations of the farm value of the prospective 1933 crop, led to the conclusion that it would be necessary to make payments of about an average of \$11.00 per acre in order to induce cotton farmers to plough under this amount of acreage. Accordingly, a schedule of payments was worked out based upon the comparative yield of various farms, totaling proposed expenditures of about \$110,000,000. It was also decided to give farmers the choice of accepting an amount in cash as payment for acreage shifted from cotton production, or a part payment of cash plus an option on Government-owned cotton at 6¢ per pound, as was authorized by Part I of the Agricultural Adjustment Act.

The plan was calculated to pay to those who voluntarily cooperated a reward consisting of benefit payments and option profits slightly larger than the value of the cotton they would have otherwise raised. In this way the non-cooperators were deprived of the opportunity to reap a benefit at the expense of their neighbors. The program was to be carried out by means of contracts to

be entered into by individual farmers with the Secretary of Agriculture in which each farmer agreed to take out of production a certain number of acres of planted cotton in exchange for certain payments of cash or cash plus cotton options.

The plan was announced June 19, 1933, and was opened to all cotton farmers, whether they owned the land they had planted or were only farm tenants. The extension service of the Department of Agriculture was used to advertise the plan to the farmers and to obtain the signatures on contracts of those who expressed willingness to cooperate. The extension forces were helped by agricultural teachers, workers in the colleges of agriculture and experimental stations and other employees of the Department of Agriculture. The county agents in all of the important producing counties had selected leading farmers as local committeemen to help in giving publicity to the campaign, in explaining the details of the plan to cotton farmers and in obtaining signatures. It is estimated that there were approximately 22,000 local workers at work in the 956 counties from which contracts were finally received. The campaign was widely advertised in the farm newspapers and magazines and over the radio.

By July 14, 1933, the objectives of the campaign had been attained. The amount of land voluntarily agreed to be taken out of cotton was approximately 10,400,000 acres, and the baleage removed from produc-

tion was estimated at 4,400,000. The number of contracts executed by cotton growers and the Secretary of Agriculture was 1,026,514.

Of the number of contracts accepted, about 55.7 percent called for cash benefits plus cotton options. The amount of cash benefits paid was about \$112,600,000 to 1,032,000 cotton farmers. The profits made by producers on their options on Government-owned cotton were approximately \$67,000,000.

It was on this emergency program in the spring of 1933 that the careless and misleading statements were made in later years to make people

think that the permanent policy of the Government was to compel the ploughing-under of cotton already planted. Only the economic crisis of 1933 and the fact that cotton was already in the ground before it was humanly possible to pass the necessary legislation, made the drastic method pursued during that spring an absolute essential. Careful historians will note this fact and the further fact that no cotton was ploughed under during the subsequent years when plans could be made before the cotton had actually been planted.

84 ¶ N.I.R.A. Administration over Certain Farm Products Transferred to Department of Agriculture. Executive Order No. 6182. June 26, 1933

PURSUANT to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, I hereby delegate to the Secretary of Agriculture all the functions and powers (other than the determination and administration of provisions relating to hours of labor, rates of pay, and other conditions of employment) vested in me by said Title I of said Act with respect to trades, industries or subdivisions thereof engaged principally in the handling of milk and its products, tobacco and its products, and all foods and foodstuffs, subject to the requirements of Title I of said Act, but reserving to me the power to approve or disapprove of the provisions of any code of fair competition entered into in accordance with Title I of said Act. This Order is to remain in effect until revoked by me.

Code Administration of Farm Products

NOTE: Shortly before the enactment of the National Industrial Recovery Act, it was realized that confusion and administrative difficulties were likely to arise if the proposed bill did not contain provisions to prevent overlapping of jurisdiction with regard to industries which would come under the new statute, but which were to a great extent already under the jurisdiction of the Agricultural Adjustment Administration.

Accordingly, the bill as finally enacted provided that none of its provisions should be construed to repeal or modify any of the provisions of the Agricultural Adjustment Act. In order to avoid conflicts between the administration of A.A.A. and N.R.A., the Act gave the President discretion to delegate his functions and powers under N.I.R.A. to the Secretary of Agriculture with respect to such trades and industries as were engaged in the handling of any agricultural commodity or any product thereof.

Pursuant to this authority, I issued the foregoing Executive Order, delegating to the Secretary of Agriculture jurisdiction with respect to trades and industries engaged principally in handling milk and milk products, tobacco and tobacco products, and all foods and foodstuffs, with the exception, however, that the determination and administra-

tion of provisions relating to hours of labor, rates of pay and other conditions of employment were not delegated to him. The provisions of codes relating to wages, hours and conditions of employment were to continue to remain under the jurisdiction of N.R.A. I thought it advisable to place the administration of these codes of fair competition (except as to labor provisions) in the A.A.A., which was already charged with the duty of executing marketing agreements and in general with adjusting the production of farm commodities.

Later, on October 20, 1933, I issued a further Executive Order, No. 6345, extending the jurisdiction of the Secretary of Agriculture to certain other trades and industries.

In view of the fact that the jurisdiction of wages and hours and conditions of employment was retained in N.R.A., there was this joint jurisdiction over the codes which required close cooperation between the two administrations.

In spite of the efforts of coordinating officers, confusion developed as to code status and jurisdiction.

In order to obviate such confusion, I issued an Executive Order, No. 6551, on January 8, 1934, which was explained in a White House statement, dated December 6, 1933, printed as Item 177 of this volume.

85 ¶ Extemporaneous Remarks Delivered at Campobello Island, New Brunswick, Canada.

June 29, 1933

I THINK that I can only address you as my old friends of Campobello—old and new. I was figuring this morning on the passage of time and I remembered that I was brought here because I was teething forty-nine years ago. I have been coming for many months almost every year until about twelve years ago, when there was a gap.

It seems to me that memory is a very wonderful thing, because this morning when we were beginning to come out of the fog off Quoddy Head, the boys on the lookout in the bow called out “land ahead.” Nevertheless, memory kept me going full speed ahead because I knew the place was the Lubec Narrows.

That was one of the things I learned up here, one of the things I learned, for instance, from Ed Lank, from John Calder, and from old Captain Mitchell who, by the way, gave me a few minutes ago a very delightful photograph of my father’s first old boat away back in the early nineties. I am mighty glad to have it.

I was thinking also, as I came through the Narrows and saw the line of fishing boats and the people on the wharves, both here at Welch Pool and also in Eastport, that this reception here is probably the finest example of friendship between Nations—permanent friendship between Nations—that we can possibly have.

I was glad that I had with me the American delegate to the Disarmament Conference in Geneva, Mr. Norman Davis, because he will go back to Geneva and will be able to tell them that he has seen with his own eyes what a border-line without fortifications means between two great Nations.

I am very happy to have had this very wonderful reception, all of this kindness from the Governor of the Province of New Brunswick and also from the Dominion Governor, and especially

Message to Factions in Cuba

a very delightful telegram of welcome from the Governor General of Canada, the representative of His Majesty, the King.

I hope and am very confident that if peace continues in this world and that if the other Nations of the world follow the very good example of the United States and Canada, I shall be able to come back here for a holiday during the next three years.

NOTE: After the closing of the session of Congress on June 16, 1933, I took a cruise with my sons, on the forty-foot schooner *Amberjack*, starting at Mattapoisett and going up the coast of Massachusetts, New Hampshire and Maine to Campobello, New Brunswick. It has been the summer home of my family for many years.

The foregoing extemporaneous remarks were made by me to a group of my old neighbors who had come down to greet me. At the commencement of the cruise I also made a short informal talk on June 17th at Quincy, Mass., which is not printed in these volumes.

86 ¶ Presidential Message to Delegates of Opposing Factions in Cuba. July 1, 1933

It is very heartening and a source of much satisfaction to me to know that the Cuban people now believe that a peaceful discussion of their country's problems is the most satisfactory means of determining their country's destinies, and that the best way of reconciling their political difficulties is to be found in the peaceable and orderly process of frank but constructive discussions.

I wish the Cuban people every success in these discussions, for I am convinced that the restoration of political peace is a necessary and essential preliminary step on the way to Cuban economic recovery.

The representatives of all factions may rest assured that the moral support of the American people will be behind these attempts at the peaceable adjustment of Cuban problems through the orderly procedure of constitutional government.

Wireless to the London Conference

NOTE: The internal conflict between opposing groups in Cuba, and the efforts of Mr. Sumner Welles, the American Ambassador to Cuba, to act as a mediator in the difficulties are discussed in the note to Item 114 of this volume. As a result largely of his mediatory efforts, the first formal meeting was held on July 1, 1933, between the group representing the Machado Administration in Cuba and groups

representing the opposition parties and factions. The foregoing message from me was read by the American Ambassador in inaugurating this conference.

As appears in the note to Item 114, although substantial progress was made immediately following this message toward reaching a solution acceptable to all involved, the efforts finally resulted in failure.

87 ¶ A Wireless to the London Conference Insisting upon Larger Objectives Than Mere Currency Stabilization. July 3, 1933

I WOULD regard it as a catastrophe amounting to a world tragedy if the great Conference of Nations, called to bring about a more real and permanent financial stability and a greater prosperity to the masses of all Nations, should, in advance of any serious effort to consider these broader problems, allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few Nations only. Such action, such diversion, shows a singular lack of proportion and a failure to remember the larger purposes for which the Economic Conference originally was called together.

I do not relish the thought that insistence on such action should be made an excuse for the continuance of the basic economic errors that underlie so much of the present world-wide depression.

The world will not long be lulled by the specious fallacy of achieving a temporary and probably an artificial stability in foreign exchange on the part of a few large countries only.

The sound internal economic system of a Nation is a greater

Wireless to the London Conference

factor in its well-being than the price of its currency in changing terms of the currencies of other Nations.

It is for this reason that reduced cost of Government, adequate Government income, and ability to service Government debts are all so important to ultimate stability. So too, old fetishes of so-called international bankers are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization. Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other Nations than a fixed ratio for a month or two in terms of the pound or franc.

Our broad purpose is the permanent stabilization of every Nation's currency. Gold or gold and silver can well continue to be a metallic reserve behind currencies, but this is not the time to dissipate gold reserves. When the world works out concerted policies in the majority of Nations to produce balanced budgets and living within their means, then we can properly discuss a better distribution of the world's gold and silver supply to act as a reserve base of national currencies. Restoration of world trade is an important factor, both in the means and in the result. Here also temporary exchange fixing is not the true answer. We must rather mitigate existing embargoes to make easier the exchange of products which one Nation has and the other Nation has not.

The Conference was called to better and perhaps to cure fundamental economic ills. It must not be diverted from that effort.

NOTE: Before my Inauguration the proposed agenda for the World Monetary and Economic Conference to be held at London were shown to me (see Item 34, this volume). At that time and again after I took office, I insisted that if the Conference were to proceed it

Wireless to the London Conference

should consider and act on the agenda as a rounded whole and not on the monetary section alone.

After the Conference met in London, it became more and more clear that the gold-bloc Nations were seeking action only to bring about a temporary and experimental stabilization affecting the relationship between their monies and the monies of Great Britain and the United States, neither of which was at that time on a free gold basis.

This attitude involved, in effect, an ultimatum: that if the United States did not enter the proposed narrow agreement the gold-bloc Nations would not discuss the other matters on the agenda, but would merely study them and defer decision until some postponed meeting of the Conference.

For two good reasons, the United States could not yield to this demand: first, it would have terminated our national price-level increase which at that moment was restoring our own economic activity more nearly to the pre-depression level; and second, action on reducing trade barriers and on other important matters on the agenda had to be taken up simultaneously with the question of exchange arrangements if the Conference expected to accomplish permanent results.

It is true that my radio message to the London Conference fell upon it like a bombshell. This was because the message was realistic at a

time when the gold-bloc Nations were seeking a purely limited objective, and were unwilling to go to the root of national and international problems. The immediate result was a somewhat petulant outcry that I had wrecked the Conference.

Secretary of State Hull by virtue of his fine practical idealism, however, succeeded in preventing immediate adjournment.

Although the Conference failed in its major objectives, it did a real service by showing to the world that fundamental ills could not be cured by treating merely one of many difficulties.

It brought about a much more thorough and thoughtful inspection in all countries of all the conditions which have to be taken into account in determining matters of monetary relationship. It led to increased appreciation of the fact that plans of international monetary relationship must provide sufficient flexibility for national Governments to deal adequately with their own economic problems. The Conference also brought out the fact that stabilization could only be achieved through a gradual process in accord with the general revival of sound international economic dealings.

The following Item is an excerpt from a Press Conference held two days after the foregoing wireless message, on the same subject.

88 ¶ The Thirty-first Press Conference (Excerpts). July 5, 1933

(London Economic Conference — Stabilization.)

THE PRESIDENT: There is only one piece of bad news today that I know of. It will have to be corrected and I am taking immediate steps. I found this morning that I had put on seven pounds and have to take drastic measures to get it off. However, that will not be referred to London.

Q. What is the total weight?

THE PRESIDENT: About 181 pounds, I am sorry to say. That is bad; I have to get it down to 174 pounds.

Q. How are you going to get it down?

THE PRESIDENT: Eat less.

Q. How about swimming?

THE PRESIDENT: Oh, yes; I will take off some, swimming; but, mostly, by plain not-eating-so-much.

I don't think there is any particular news. I have been trying to catch up yesterday and today. I have just been reading and listening to various things and of course on the international thing, I think Mac (*Marvin H. McIntyre, Assistant Secretary to the President*) told you last night that we have been in pretty close touch with London during the past week, wiring back and forth. I talked with Secretary Hull this morning on the phone and, of course, on those things any news has got to break from London — so there we are.

Q. What about these reports that you are putting forth new proposals?

THE PRESIDENT: Anything at all has to come out of London.

Q. Will it come today, do you think, Mr. President?

THE PRESIDENT: I don't know.

Q. Are you sending any new instructions to London, Mr. President?

THE PRESIDENT: No, I simply cannot talk about it. Off the record, it is easy to write a story and say, "new instructions." It is not

The Thirty-first Press Conference

true. There have never been any instructions. We have talked the thing over by cable and telephone, but there have never been any instructions.

Q. You said off the record last night that you hoped that the conference would continue?

THE PRESIDENT: Still hope this morning.

Q. Cannot you say something that would put you on record?

THE PRESIDENT: That is all I can say. That is about all there is. All I can say is that I hope the conference will continue.

Q. The European Nations don't think they can talk tariffs unless stabilization is taken care of first. What do you think about that?

THE PRESIDENT: I don't know that this is the time to go into it. It is a long, long story. It comes back to the definition of the word. Suppose we talk about this off the record so it won't be attributed in any way to official sources but just from your own information.

The whole question comes down to the word "stabilization." We have a very different thought about the definition of the word than do some of the Continental countries. In those countries, they are very much concerned with the current rate of exchange on their own currency in terms of other currencies. To them that is important. To us it is not so important. We are looking, fundamentally, for a different form of stabilization, a stabilization that will be based on a more or less equivalent price level in each country for X amount of goods. I hope that eventually each country in the world will have a currency which will be stable within its own domestic purchasing power.

If you arrive at that objective in the world, then almost automatically the exchange value of all currencies in terms of other currencies will become more or less stable. Then there is the other side of the picture. As I said, some of those countries are very much concerned with a temporary exchange value of their currencies in terms of other currencies. They therefore seek to have us enter into something which is not

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really on the agenda at all — an agreement between five or six Nations out of the sixty-six present to set up some kind of special fund temporarily to control the exchange fluctuation. Our primary objection to that method, if we are asked to participate in that fund, is that we would be morally obligated, in case that fund called for large withdrawals of gold from this country, to let down the bars on the export of gold that we have in this country. Well, we are not willing to do that at the present time.

We have seen, for example, that England has been off the so-called gold standard for a year and ten months, and they are not ready to stabilize yet. We have seen France go off the gold standard a few years ago and stay off for nearly four years. We have only been off for three months. We haven't had time to turn around. Exactly like England, we don't know what to do next. . . .

Now, that is the easiest way of explaining it. We are not ready to export gold. We are not ready at this time to make any kind of agreement by which we would morally obligate ourselves to export gold; and we are not ready to go along on the creation of some kind of stabilization fund which might obligate us to export gold. Now that, really, is the whole thing in a nutshell. . . .

Q. Do you think it possible to enter into any reciprocal treaties at the present time?

THE PRESIDENT: I hope so.

Q. Won't they work against your domestic policy here?

THE PRESIDENT: No.

Q. Would the stability of the dollar in relation to commodities require additional shifts in the gold content of the dollar?

THE PRESIDENT: Not of necessity. There you come down to another — all this is perfectly terrible because it is all pure theory, when you come down to it. The view of some of the European Nations is that gold in the future should be used not as a collateral behind currency at all, but that it should be used purely as a medium of international exchange to pay

Appointment of Harold L. Ickes

debits and credits between countries in international trade. I think our view is just the reverse of that; and that is that gold and silver should continue to be used as collateral behind paper currencies. Among the instructions to our delegates, when they first went over there, was a clause expressing our point of view that gold should perhaps exist in the future only in the form of bullion; and that that bullion should be Government-owned, and kept within the Nation as permanent collateral behind national currency, and not constantly shifted to and fro on steamships. . . .

Q. If the London conference shows definite signs of going on the rocks as a result of this stabilization, would that change the Administration's attitude?

THE PRESIDENT: Don't put it that way. We don't think it is going on the rocks.

Q. Give us a reason.

THE PRESIDENT: Just personally hopeful. . . .

(See note to Item 87, this volume.)

89 ¶ Appointment of Harold L. Ickes as Administrator of Public Works. Executive Order No. 6198. July 8, 1933

PURSUANT to the authority of "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933, and in order to effectuate title II—Public Works and Construction Projects—thereof;

I hereby appoint Harold L. Ickes to exercise the office of Federal Emergency Administrator of Public Works.

NOTE: On July 8th, I appointed as Administrator of Public Works, in place of Colonel Donald H. Sawyer, Honorable Harold L. Ickes, who, as Secretary of the Interior,

had been chairman of the Special Board for Public Works. (See Executive Order No. 6174, Item 80, this volume.) It was necessary to build up a

Greetings to the C.C.C.

highly specialized staff with experience in the fields of law, finance, accounting and engineering. At its peak, this staff consisted of about 11,000 employees.

As originally developed the staff and the work were highly centralized at Washington. It later became apparent that there were definite advantages to be obtained by decentralization. In June, 1935, decentralization was accomplished by estab-

lishing fully staffed offices in each State. The result was a very appreciable speeding-up of the work. For example, during the twelve months prior to this decentralization, about 4,000 applications were approved and contracts written covering loans and grants. After decentralization, about the same number of contracts were drawn during the two months' period from September 15 to November 15, 1935.

90 ¶ Greetings to the Civilian Conservation Corps. July 8, 1933

I WELCOME the opportunity to extend, through the medium of the columns of *Happy Days*, a greeting to the men who constitute the Civilian Conservation Corps.

Congratulations are due those responsible for the successful accomplishment of the gigantic task of creating the camps, arranging for the enlistments and launching the greatest peacetime movement this country has ever seen.

It is my belief that what is being accomplished will conserve our natural resources, create future national wealth and prove of moral and spiritual value not only to those of you who are taking part, but to the rest of the country as well.

You young men who are enrolled in this work are to be congratulated as well. It is my honest conviction that what you are doing in the way of constructive service will bring to you, personally and individually, returns the value of which it is difficult to estimate. Physically fit, as demonstrated by the examinations you took before entering the camps, the clean life and hard work in which you are engaged cannot fail to help your physical condition and you should emerge from this experience strong and rugged and ready for a reentrance into the ranks of industry, better equipped than before. Opportunities for employment in

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work for which individually you are best suited are increasing daily and you should emerge from this experience splendidly equipped for the competitive fields of endeavor which always mark the industrial life of America.

I want to congratulate you on the opportunity you have and to express to you my appreciation for the hearty cooperation which you have given this movement which is so vital a step in the Nation's fight against the depression and to wish you all a pleasant, wholesome and constructively helpful stay in the woods.

NOTE: During 1933 and during the subsequent years of my Administration I visited many C.C.C. camps and made many speeches in person and by radio to the C.C.C. men. (See Items 21, 31, 113 of this volume.) Several of these are printed in this and the succeeding volumes,

but some of them have been omitted and have been merely referred to.

For example, in 1933, in addition to the foregoing, I made a radio address to the C.C.C. on July 17th, not included in these volumes.

91 ¶ Letter Reaffirming Position on Repeal of Eighteenth Amendment. July 8, 1933

Dear Mr. McCord,

I have received your telegram of July 3rd in reference to the repeal of the Eighteenth Amendment.

I think I have made it abundantly clear that the platform of the Democratic Party adopted last year should be carried out in so far as it lies in our power. The Special Session of the Congress has already translated into law a great majority of the pledges made.

One of the pledges of the platform reads as follows: "We advocate the repeal of the 18th Amendment. To effect such repeal we demand that the Congress immediately propose a Constitutional Amendment to truly representative conventions in the States called to act solely on that proposal."

Importance of Cotton Adjustment Campaign

The Congress has acted on this and many of the States are now engaged in holding elections for the conventions proposed.

Finally, I have made it clear ever since my nomination a year ago that I subscribe to the Democratic platform one hundred percent.

In view of the fact that I have had so great a number of telegrams similar to yours not only from your State, but from Tennessee, Arkansas, Kentucky and others, I am taking the liberty of giving this message to you to the press.

Sincerely,

Hon. Leon McCord
National Democratic Committeeman,
Montgomery, Ala.

NOTE: At the time that the foregoing letter was written, the various States were taking steps to elect conventions to pass upon an amendment to the Constitution repealing the prohibition amendment. In response to a great number of requests for information as to my attitude on this question, I released the foregoing letter to the press. In it I again made it clear that I was in favor of the platform adopted at the Democratic National Con-

vention in Chicago in 1932, which had advocated the repeal of the Eighteenth Amendment.

On December 5, 1933, on the adoption of the resolution by the requisite number of States, I proclaimed that the Eighteenth Amendment had been repealed and in that Proclamation attempted to point the way to continued temperance throughout the Nation. (See Items 174 and 175 of this volume.)

92 ¶ Letter Emphasizing Importance of Cotton Adjustment Campaign. July 8, 1933

My dear Mr. Secretary:

I want you to make it very clear that I attach the greatest possible importance to the cotton adjustment campaign. It is our first major attack on the agricultural depression.

I know that for the past two weeks the representatives of the

Importance of Cotton Adjustment Campaign

farm adjustment administration have been presenting to the 2,000,000 producers of cotton the hard facts of supply and demand, but the real question is, are the cotton growers ready to recognize these facts and seize their opportunity.

I myself am one of those who as a planter of cotton has suffered from the absurdly low prices of the past few years. What I am concerned about, and what every other cotton grower ought to think about, is the price of cotton next year if cotton acreage is not reduced.

There are two reasons why every cotton grower should go along with the Government's national responsibility. The first is the patriotic duty of making the plan a success for the benefit of the whole country; and the second is the personal advantage to every cotton grower in helping as an individual to reduce an oversupply of cotton and thereby obtaining a better price for what he grows.

The responsibility rests on the individual grower, and I believe that we can get substantial unity among our more than 2,000,000 cotton producers for this program of a planned and orderly harvest.

Very sincerely yours,

Hon. Henry A. Wallace
Secretary of Agriculture
Washington, D. C.

NOTE: The foregoing letter by me to the Secretary of Agriculture, with reference to the cotton adjustment campaign, shows how important the Administration believed cotton-crop adjustment was not only to farmers, but to the entire recovery program.

Cotton-crop control has been discussed by me in connection with my statement to cotton farmers, dated June 24, 1933, asking them to cooperate in the reduction of the cotton crop for the current year. (See Item 83, this volume.)

93 ¶ The President Hails the First N.R.A. Code. July 9, 1933

I HAVE just approved the Cotton Textile Code, subject to certain modifying conditions, clarifying, but not greatly affecting the proposals as submitted.

Many significant circumstances attend this result:

Child labor in this industry is hereby abolished. After years of fruitless effort and discussion, this ancient atrocity went out in a day, because this law permits employers to do by agreement that which none of them could do separately and live in competition.

In the eyes of the whole public, there was a great conference among the leaders of our industry, labor and social service, presided over by Government. It considered the most controverted question in the whole economic problem—wages and hours of labor—and it brought that question to a definite conclusion. It dealt with facts and facts only. There was not one word of accusation. And most remarkable of all it arrived at a solution which has the unanimous approval of these conferring leaders on all three sides of the question at issue.

I know of nothing further that could have been done. I can think of no greater achievement of cooperation, mutual understanding and good-will.

It would be unfair to omit a word of commendation of this great industry. It has proved itself the leader of a new thing in economics and government. That took faith and courage and patriotism of the highest order. It has its reward in the result it has achieved and the example it has given.

NOTE: This code was the first one approved by me. (See Item 118 of this volume for a typical order approving a code.) It established a forty-hour week with a limit of two shifts, minimum wages of \$13.00 per week in the North and \$12.00 per week in the South, abolished child labor, and established a Code Committee (later called a "Code Authority") to supervise the operation of the code.

The First N.R.A. Code Is Hailed

From this date until the President's Reemployment Agreement, July 27, 1933 (see Item 105, this volume), 209 national codes were submitted. During the entire period of N.R.A., 557 basic codes and 189 supplementary codes were approved by N.R.A. It is estimated that 95 percent of all industrial employees were covered by these codes.

From the very outset until the end, codes were developed, as a matter of Administration policy, from proposals initiated from within the industries themselves. All but a few of them were sponsored and originally proposed by at least one trade association. With the passage of N.I.R.A., which extended to industry the opportunity to organize for self-government, many trade associations which had been inactive for years came to life again, and many industries which did not have trade associations hastened to organize them. The proposed codes were of course reviewed in the public interest by N.R.A., but the principle was always followed that the final form of the code should be as far as possible a result of the meeting of minds of those in the industry, including labor, arrived at in a spirit of co-operation.

The principle was also established at the outset that each code, after final approval, would be administered by the industry itself, with as little Government interference and control as possible—the concept of industrial self-government. This principle was, however, later greatly

modified as the result of experience with the compliance efforts made by code authorities.

We also believed that the first efforts at code-making should be concentrated on the ten largest industries, with all the other industries to follow; that the labor provisions, because of the most immediate objective of reemployment, were to be given primary consideration; that the trade practice provisions were to be of secondary importance, and, in some cases, deferred for future consideration by amendments to codes; and that, in so far as possible, compliance with codes would be largely voluntary, depending more upon education and persuasion than legal compulsion and enforcement.

Pursuant to my statement on signing N.I.R.A. (Item 78, this volume) three advisory boards were appointed to help the Administrator, or his deputy assigned for each code, in negotiating and administering codes; they were the Labor Advisory Board, Industrial Advisory Board and Consumers Advisory Board.

The details of code-making—the pre-hearing conferences, the public hearings, the post-hearing conferences—cannot be discussed here because of lack of space.

The first ten or twelve codes and the provisions of the President's Reemployment Agreement (see Item 105, this volume) established from the very beginning certain policies

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and precedents, carrying out the principles underlying the N.R.A. program:

- (1) Establishment of a minimum wage, including
 - a) recognition of geographical differential in minimum wages, allowing a higher one in some parts of the country than in others.
 - b) exception of some classes of employees.
 - c) the proviso that, with some few exceptions, no employee should receive for a shorter work week less than he was receiving for a longer week before the code.
- (2) Establishment of a maximum work week, including
 - a) payment of overtime where permitted in exceptional circumstances, such as extraordinary seasonal demand.
- (3) Elimination of child labor.
- (4) Prohibition of work in unsanitary or unsafe conditions.
- (5) Prohibition of some of the worst features of cut-throat competition in the various industries.

From the beginning of N.R.A., in line with the principle of "self-government in industry," it was intended that code administration should be in the hands of a body representative of the entire industry; but the composition and functions of code authorities were slowly developed and subject to many changes.

In the first code, a Cotton Textile Industry Committee was established, "to cooperate with the Administrator as a planning and fair practice agency"; and my order of

approval of this code provided for the appointment of three public members without vote.

As further codes were approved, different methods of selecting the code authority were devised, but the idea prevailed that it should be representative of the entire industry and should have in its membership representatives of the Government without vote. Where there was an established trade association the Code Authority selection came largely from the trade association, usually with a provision, however, for representation of non-association members of the industry. The Code Authority, however, always remained a distinct entity from the particular trade association which had sponsored the code. One of the effects of N.R.A. was to cause about 500 new trade associations to be organized, according to an estimate of the United States Chamber of Commerce.

In thirty-seven codes there was labor representation, and in three codes direct consumer representation. In the main, however, the N.R.A. members were expected to represent all the interests other than those of industrial management. The fact is that the influence of a strong trade association was nearly always dominant in the Code Authority, in spite of efforts to prevent it and to lodge control in the industry as a whole.

By the end of the first year of N.R.A., code administration had developed several major problems,

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particularly in the matter of enforcing compliance with the codes merely through activities of the Code Authorities. In many instances, Code Authorities were able to maintain a high degree of voluntary compliance. In others, Code Authorities frequently exceeded their proper function in efforts to enforce compliance. As a result, by the spring of 1935, before the end of the N.R.A., a definite policy had been developed to the following effect:

1. Code administration should be financed by the trade or industry concerned, but the collection and administration of funds should be subject to the general approval of the N.R.A.
2. Voluntary compliance should be sought by Code Authorities and means of disciplining members without resort to legal enforcement should be undertaken.
3. Any legal measures necessary to prevent or punish violations should be solely under Government control.

It was realized at the outset that code requirements, particularly as to wages and hours, would result in price increases, although every effort was made to provide against any rises in prices not made necessary to meet code requirements or justified by actual costs.

Particularly in the President's Re-employment Agreement an effort was made to avoid price increases by a specific agreement to limit such increases to those made necessary by increased cost. It was inevitable, however, that prices would rise as

industrial recovery took place, since one certain effect of the depression had been to drag prices down below profitable levels.

To meet a rising volume of consumer complaints, public hearings were held in January, 1934, on the specific question of price changes. These hearings uncovered some legitimate complaints as to the effects of codification and of some efforts at price control under the codes; but in the main they showed that price changes had generally followed naturally upon an improved market and upon rising labor costs, and that there had not been any substantial amount of profiteering under the aegis of the N.R.A.

These price hearings developed discussions of major price problems which persisted through the N.R.A. Foremost among these was the effort to control unwarranted price cutting by requiring in codes that products should not be sold below cost. But a definition of what was "cost" proved elusive throughout N.R.A. In the case of the retail trades a strong effort was made to eliminate the so-called loss leader, a method of enticing custom by advertising standard articles at practically a cost, or even a below-cost, price. The elimination of the loss leader proved very helpful in some lines of business, particularly in the field where small independent retailers were suffering from big-store or chain-store competition.

Another major problem in the price field grew out of price filing—

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a practice of undoubted benefit to customers and an aid to fair competition — but a practice that might easily be made the instrument of an unlawful price control. Before the end of the N.R.A., a policy had developed (meeting general approval) which provided in the main for approval of requiring prices to be filed when made, but for general disapproval of requiring the maintenance of prices as filed, subject only to change after notice during a waiting period. It also became apparent that the price-filing agency should be a neutral body and that its activities should be under Gov-

ernment supervision in order to avoid the abuse of having a price-filing system converted into a price-fixing system.

In order to cover as many employers as quickly as possible by the usual hours and wages code provisions, I decided to ask individual employers, in advance of the writing of a code for their particular industry, to sign an individual agreement with me, fixing maximum hours and minimum wages for their individual establishment. (See President's Reemployment Agreement, Item 105, this volume.)

94 ¶ The Executive Council Is Set up. Executive Order No. 6202A. July 11, 1933

BY VIRTUE of the authority vested in me by the Acts of Congress respectively entitled, "An Act for the relief of unemployment through the performance of useful public work, and for other purposes," approved March 31, 1933 (Public No. 5, 73d Congress), and "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933 (Public No. 67, 73d Congress), and in order to provide for the orderly presentation of business and to coordinate inter-agency problems of organization and work of the new governmental agencies, therefore:

1. I hereby appoint a temporary Executive Council consisting of the following:

The President of the United
States
The Secretary of State

The Secretary of the Treas-
ury
The Secretary of War

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The Attorney General	The Chairman of the Board
The Postmaster General	of the Reconstruction
The Secretary of the Navy	Finance Corporation
The Secretary of the Interior	The Chairman of the Board
The Secretary of Agriculture	of the Home Owners
The Secretary of Commerce	Loan Corporation
The Secretary of Labor	The Chairman of the Board
The Director of the Budget	of the Tennessee Valley
The Administrator of Na-	Authority
tional Recovery	The Director of Emergency
The Administrator of Agri-	Conservation Work
cultural Adjustment	The Secretary to the Presi-
The Administrator of Fed-	dent
eral Emergency Relief	The Hon. L. W. Robert, Jr.,
The Federal Coordinator of	Assistant Secretary of the
Transportation	Treasury
The Governor of the Farm	The Executive Secretary
Credit Administration	

and such other members as the President may designate.

In the absence of the President, the senior Cabinet Member present shall preside at the meetings of this Executive Council, which shall be held each Tuesday at 2:00 o'clock, p.m., in the Cabinet Chamber of the White House.

2. I hereby appoint Frank C. Walker to exercise temporarily the office of Executive Secretary of the Executive Council, subject to such duties as may be prescribed him by the President.

3. The Executive Secretary is hereby authorized to purchase such necessary equipment, books and materials, and to employ such necessary personnel on a temporary basis, as may be approved by the President; and the Federal Emergency Administrator of Public Works is hereby directed to allot to the Executive Secretary the necessary funds for such disbursements as are hereby authorized, subject to the approval of the Director of the Budget.

Interstate Commerce of Petroleum

NOTE: The Executive Council was organized to provide an orderly presentation of business to the President, and to coordinate the inter-agency problems of organization and the work of the new governmental agencies established pursuant to the emergency legislation. It consisted of the above enumerated officials. It served as an agency to coordinate and make more efficient and productive the work of these numerous agencies. This was the beginning of what later became the National Emergency Council (see Item 163, this volume).

95 ¶ Regulation of Interstate Commerce of Petroleum. Executive Order No. 6199. July 11, 1933

BY VIRTUE of the authority vested in me by the Act of Congress entitled "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933 (Public No. 67, 73d Congress), the transportation in interstate and foreign commerce of petroleum and the products thereof produced or withdrawn from storage in excess of the amount permitted to be produced or withdrawn from storage by any State law or valid regulation or order prescribed thereunder, by any board, commission, officer, or other duly authorized agency of a State, is hereby prohibited.

NOTE: The foregoing Executive Order was issued by me, pursuant to the provisions of Section 9-C, of the National Industrial Recovery Act (see Item 62, this volume).

This order prohibiting the transportation of illegally produced oil in interstate commerce was the means by which the Federal Government enabled the respective State Governments more adequately to enforce their oil conservation and production control statutes. (See Item 95A, this volume.)

95A ¶ Power Given to the Secretary of the Interior to Enforce the Preceding Order. Executive Order No. 6204. July 14, 1933

BY VIRTUE of the authority vested in me by the Act of Congress entitled "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933 (Public No. 67, 73d Congress), in order to effectuate the intent and purpose of the Congress as expressed in Section 9(c) thereof, and for the purpose of securing the enforcement of my order of July 11, 1933, issued pursuant to said Act, I hereby authorize the Secretary of the Interior to exercise all the powers vested in me, for the purpose of enforcing Section 9-C of said Act and said order, including full authority to designate and appoint such agents and to set up such boards and agencies as he may see fit, and to promulgate such rules and regulations as he may deem necessary.

NOTE: The foregoing Executive Order authorized the Secretary of the Interior to exercise the authority granted to the President by Section 9-C, of the National Industrial Recovery Act, with respect to interstate commerce in illegally produced oil.

The Secretary of the Interior the next day issued general rules and regulations to carry out the Federal statute.

At the same time the industry proceeded to formulate a code of fair competition pursuant to the general provisions of the National Industrial Recovery Act (see Items 78, 79, 81 and 93 of this volume).

The code was approved by me on August 19, 1933, to become effective September 2, 1933.

A good description of the condition of the petroleum industry at this time is the following excerpt from the address of Mr. Wirt Franklin, the then President of the Independent Petroleum Association of America, one of the speakers on July 24, 1933, at the hearings held on the adoption of the petroleum code. He said:

"We have tried every alternative. When the industry in 1930 attempted after long conferences to make effective an agreement for a limitation upon production, the At-

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torney General of the United States at that time declared such an agreement unlawful. The Governors of the oil States proposed compacts or other interstate agreements, but none of these has been completed. Statutes were drafted, amended and reamended in the hope of finding some way to prevent the petroleum industry from being demoralized. Armies of men held oil fields under martial law in order to make effective an attempted control of production. Operators both as individuals and as companies voluntarily sacrificed large portions of their production in order that the industry might balance supply with demand. The courts have been flooded with cases involving these efforts. The legislatures of oil States have been forced to devote a disproportionate amount of their time to the attempted solution of this production problem. Each effort has failed since neither individual effort, nor the effort of any single State or any group of States, could meet an issue which was of an interstate character and required both the approval and the cooperation of the Federal Government to make it succeed. Through the National Industrial Recovery Act and this Code, authorized under the Act, we believe we can achieve this control of production."

By Executive Order No. 6260A, dated August 28, 1933, the Secretary of the Interior was appointed Administrator for the petroleum industry. The Secretary proceeded to

estimate the daily production of crude oil currently required to balance the demand for petroleum products; and then he allocated that amount among the several oil-producing States. The Code Authority for the industry, designated as the Planning and Coordination Committee, consisting of twelve representatives of the industry and three representatives of the National Recovery Administration, was appointed by me on September 18, 1933.

The primary purpose of this code, as of all codes, was to maintain a stabilized oil industry on a profitable basis, to put men back to work, and to raise wages. The Secretary called attention to the fact that prices could not be raised too suddenly because that would place too much of a burden upon the purchasing power of the public.

There was created on December 19, 1933, a labor policy board for the oil industry, which became a part of the Oil Administration.

The Petroleum Labor Policy Board had the following duties and functions: (1) to advise the Administrator on labor policies in connection with the labor provisions of the code; (2) to act as a compliance agency for the wage and hour provisions of the code; (3) to investigate, mediate and conciliate disputes in the petroleum industry; (4) to act in matters arising under Section 7-A, of the National Industrial Recovery Act, as embodied in the petroleum code.

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During its existence the Board took care of thousands of complaints of violation of the wage and hour provisions. As a mediation board it took action on twenty strikes and fifteen threatened strikes in the petroleum industry. Of the actual strikes fourteen were settled, and of the threatened strikes all were averted. It also successfully handled many disputes about authorized representation for the purpose of collective bargaining.

The petroleum code also contained provisions relative to the production of crude oil dealing with: (1) limitation of imports of crude petroleum and petroleum products for domestic consumption; (2) withdrawals of crude oil from storage; (3) estimates of required crude oil production to balance consumer demand for petroleum products and the allocation of the required production among the several States; (4) relationship between representative crude oil and gasoline prices; (5) establishment of price schedules and ascertainment of average cost of production of crude petroleum; (6) planned development of new pools.

The general effect of the operation of these production provisions of the petroleum code is shown by a comparison of the six months' period immediately prior to the code with the six months' period immediately following. In the six months preceding the code (March 1, to August 31, 1933) the quantity of domestic crude oil in storage was increased by about 24,700,000 bar-

rels, or a daily average of 134,300 barrels, despite the partial shut-down in California, Oklahoma and Texas for temporary periods. During the six months following (September 1, 1933, to February 28, 1934), crude oil production was 226,000 barrels less per day than in the prior period and the quantity of crude oil in storage was reduced by 7,390,000 barrels, or a daily average reduction of 40,800 barrels.

The petroleum code during the entire period of its existence from September 1, 1933, to May 31, 1935, was successful in adjusting the production of crude petroleum in the United States to the amount determined to be sufficient to provide for the consumer demand for petroleum products, after due account of withdrawals from storage and anticipated imports. In fact, the amount of production exceeded by an average of less than 5 percent the amount so determined to be sufficient.

In addition to the provisions relative to production of petroleum, the code contained specific provisions with respect to refining. These were intended to maintain gasoline inventories at proper economic levels; to attain a normal relationship between crude oil prices and refinery prices so that profitable operation of petroleum refineries would be possible; and to safeguard the position of the smaller refiner with reference to his participation in the total production of gasoline.

There were also provisions relating to marketing and other trade

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practices, designed to prevent unfair methods of competition.

The petroleum code had an immediate marked effect upon the price of the commodity and upon wages and payrolls of those in the industry. For example, by July, 1934, the number of clerical employees in the refining branch of the industry had increased by 17 percent over the number employed in May, 1933; and between the same dates the increase in the number of non-clerical employees was 23 percent. The amount of the payrolls between the same dates for clerical employees increased almost 25 percent and the payrolls of non-clerical employees increased 32 percent.

In the pipe-line branch of the industry, using the same dates, the increase in the number of clerical em-

ployees was over 30 percent, and of non-clerical employees 32 percent. The increase in wages was 34 percent for clerical employees, and 45 percent for non-clerical employees.

In the drilling and production branches of the industry, between the same dates, the increase in the number of clerical employees was 30 percent, and in the number of non-clerical employees 62 percent. The amount of the payrolls increased 35 percent for clerical employees, and 74 percent for non-clerical employees.

These sharp increases in employment and in payrolls indicated a very considerable measure of compliance with the wage and hour provisions of the code.

For further discussion of this subject, see Item 90, Vol. III.

96 ¶ The First Effort to Put Postmasters under the Civil Service. Executive Order No. 6203.

July 12, 1933

WHEN a vacancy exists or occurs in the position of postmaster at an office of the first, second or third class, the Postmaster General may submit to the President for renomination the name of the postmaster whose term has expired or is about to expire, or the name of some qualified person within the competitive classified Civil Service. If no such person is nominated the Postmaster General shall certify the fact to the Civil Service Commission which shall forthwith hold an open competitive examination to test the fitness of applicants not in either of the above mentioned classes to fill such vacancy. When such examination has been

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held and the papers submitted therewith have been rated, the Commission shall furnish a certificate of not less than three eligibles, if the same can be obtained, to the Postmaster General, who shall submit to the President the name of one of the highest three for appointment to fill such vacancy; provided that the Postmaster General may reject the name of any person or persons so certified if he shall find that such person or persons are disqualified, in which event, the said Commission shall upon request of the Postmaster General complete the certificate of three names; provided that no person who has passed his sixty-sixth birthday at the date for close of receipt of applications for such examination shall be permitted to take the same; and provided further that no person shall be examined for postmaster who has not actually resided within the delivery of the office for which application is made for the one year next preceding such date; and provided further that at the expiration of the term of any postmaster, or anticipating such expiration, or upon the death, resignation or removal of any postmaster, the Postmaster General may, in his discretion, request the Civil Service Commission to hold an examination.

If, pursuant to this order, it is desired to submit to the President for nomination the name of a person in the competitive classified service, such person must first be found by the Civil Service Commission to possess the requisite qualifications.

No person who has passed his sixty-sixth birthday shall be appointed acting postmaster in an office of the first, second or third class unless he is already in the postal service.

The Civil Service Commission, in rating the examination papers of candidates who are veterans of the World War, Spanish-American War, or the Philippine Insurrection, shall add to their earned ratings five points and make certification to the Postmaster General in accordance with their relative positions thus acquired.

The time such candidates were in the service during such wars may be reckoned by the Commission in making up the required

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length of business experience. As to such candidates all age limitations shall be waived.

This order shall supersede all previous Executive Orders affecting the appointment of postmasters to post offices of the first, second and third classes.

(See following Item and note.)

96A ¶ The Postmaster General Is Directed to Proceed with the Foregoing Order. July 12, 1933

My dear Mr. Postmaster General:

I have signed and am returning herewith an Executive Order relating to the filling of postmasterships of the first, second and third classes.

The studies which you have made show that there would be large savings to the Government if the existing law were changed and all present postmasterships were placed on a strictly Civil Service basis as is the case under the existing law relating to fourth class post offices.

Will you, therefore, be good enough to prepare for me proposed legislation to this effect in order that I may submit it to the next session of Congress?

Very sincerely yours,

The Hon. James A. Farley
The Postmaster General
Washington, D. C.

NOTE: The above Executive Order was not new procedure, for similar Executive Orders had been issued since 1917 with respect to Postmasters of the first, second and third classes. However, the foregoing letter accompanying the Executive Order put the Administration

on record as favoring the extension of Civil Service requirements to all classes of postmasterships. Little progress toward this end, however, was made in the Congress.

On July 20, 1936, I took further action by issuing Executive Order No. 7421, printed as Item 91, Vol. V.

97 ¶ Delegation of Certain Presidential Powers to the Administrator for Industrial Recovery.

Executive Order No. 6205A. July 15, 1933

PURSUANT to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, and in supplement to my Executive Order of June 16, 1933, appointing Hugh S. Johnson to be the Administrator for Industrial Recovery under Title I of said Act, and appointing a Special Industrial Recovery Board, I hereby authorize the Administrator, subject to the general approval of the Special Industrial Recovery Board, to appoint the necessary personnel on a permanent basis, to fix their compensation, and to conduct such hearings and to exercise such other functions as are vested in me by Title I of said Act, except the approval of codes, or making of agreements, or issuance of licenses, or exercise of powers conferred in Section 3(e), Section 6(c), Section 8(b), Section 9, and Section 10.

(See Item 79, this volume.)

98 ¶ Some Exceptions and Exemptions from Codes. Executive Order No. 6205B.

July 15, 1933

PURSUANT to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, I hereby prescribe the following regulation, modifying any previous order inconsistent therewith:

Any code of fair competition approved by me shall be deemed in full force and effect on the effective date as stated in the code; but after the approval of a code and as an incident to the immediate enforcement thereof, hearings may be given by the Administrator or his designated representative to persons (hereby

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defined to include natural persons, partnerships, associations or corporations) who have not in person or by a representative participated in establishing or consenting to a code, but who are directly affected thereby, and who claim that applications of the code in particular instances are unjust to them and who apply for an exception to, or exemption from, or modification of the code. Such persons so applying, within ten days after the effective date of the code, shall be given an opportunity for a hearing and determination of the issues raised prior to incurring any liability to enforcement of the code, and the Administrator shall, if justice requires, stay the application of the code to all similarly affected pending a determination by me of the issues raised.

NOTE: The foregoing Executive Order is an example of the efforts taken to avoid hardship which might result from the effects of a general code upon any one particular business. Of course, before any such exemption or exception was allowed, a very clear case of exceptional circumstances, warranting this special treatment, had to be

presented. There were many thousands of applications for such relief. The fact is that there were very few exemptions given. Where relief was given from the operation of a code, it would be in the form of an exception which lasted for only a short limited period. (See also Item 166, this volume.)

99 ¶ Congratulations to the Fourth World Jamboree of the Boy Scouts. July 20, 1933

Dear President Head:

AS HONORARY PRESIDENT of the Boy Scouts of America, I take great pleasure in extending greetings on behalf of this Association to the Scouts and Scouters assembled at the Fourth World Jamboree and Seventh International Conference of Scouting, representing practically the whole civilized world. Since the beginning of our Scout Movement in America twenty-three years ago, more than five million men and boys have been enrolled as

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members, and on their behalf I send this message to Lord Baden Powell, Chief Scout of the world, and to bröther Scouts abroad.

It stirs our imaginations and kindles our emotions to contemplate the possible implications growing out of this pilgrimage of these young men and boys representing more than seventy different nationalities, camping and living together for two weeks in good fellowship and harmony.

The future basis of international good-will must rest on mutual understanding and loyalty to high ideals. Such gatherings as this are among the most important contributions to world peace that have ever been developed.

I wish the Boy Scout Movement every success in this splendid undertaking and earnestly hope that the magnificent possibilities of this occasion will be realized to the greatest extent.

Most cordially,

Walter W. Head, Esq.,
President, Boy Scouts of America,
New York, N. Y.

NOTE: This letter is typical of many other messages and letters written by me to the Boy Scouts of America on different occasions. I have not included all of them in these *Papers*. During 1933, another communication to the Boy Scouts

was sent by me on June 2, and a speech was made by me at the Boy Scout Camp at Ten Mile River, N. Y., on August 23. Similar speeches and messages in other years are printed or referred to in the volumes of such years.

100 ¶ Delegation of Presidential Powers to the Secretary of the Interior Relating to Subsistence Homesteads. Executive Order No. 6209.

July 21, 1933

BY VIRTUE of the authority vested in me by the Act of Congress, entitled "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of

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certain useful public works, and for other purposes," approved June 16, 1933 (Public No. 67, 73d Congress), in order to effectuate the intent and purpose of the Congress as expressed in Section 208 under Title II thereof, I hereby authorize the Secretary of the Interior to exercise all the powers vested in me, for the purpose of administering all the provisions of Section 208 under Title II of said Act, including full authority to designate and appoint such agents, to set up such boards and agencies, and to make and promulgate such regulations as he may deem necessary or desirable.

NOTE: The foregoing Executive Order was issued pursuant to Section 208 of the National Industrial Recovery Act (see Items 78, 79, and 81 of this volume), which appropriated funds for the President to undertake a program of assisting in the establishment of subsistence homesteads, in order to aid in "the redistribution of the over-balance of population in industrial centers." The Order authorized the Secretary of the Interior to exercise all the powers vested in me as President for the purpose of administering the provisions of that section.

The subsistence homesteads program was intended to point the way for those industrial workers who were subject to sporadic or seasonal unemployment, to increase their income and raise their standard of living by engaging in part-time farming at the same time as they carried on their usual occupations. By a subsistence homestead, we mean a small garden home on a plot ranging from half an acre to as much as ten or twenty acres on

which a family, a member of which is seasonally employed in industry, can raise garden crops and perhaps some livestock, such as a cow, pigs, or chickens, and thus provide a considerable portion of their food supply at home. It involves the production of crops for home consumption, rather than for sale.

Subsistence homesteads were never intended as a means of solving the relief problem, nor were they intended to be occupied by families on relief rolls, except in very rare instances. The major purpose of the program was to make available homes and small farms to persons who were in a position to pay the Government for them in small monthly instalments, although they might be temporarily unemployed or seasonally out of a job.

Even before the initiation of this program, there had been in recent years a spontaneous movement of several hundred thousand American families to such part-time farms in the neighborhood of industrial plants, where this kind of combina-

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tion of farming for home consumption and working in factories for cash pay could be conveniently carried out.

This movement was very often unguided and consequently ill-advised and unsuccessful on the part of many of the families; and it became apparent that some demonstration and guidance would be highly desirable, as an encouragement for others to move out of the cities and adopt this mode of living. We believed that development of subsistence homestead communities by the Government in a carefully planned manner would stimulate this desirable movement and improve standards of living by providing a more secure and more successful method.

The amount appropriated by the National Industrial Recovery Act was twenty-five million dollars. The Act provided that all monies collected in repayment of loans should constitute a revolving fund, so that as loans were collected the money could be reinvested in new developments.

Pursuant to the authority of the foregoing Executive Order, the Secretary of the Interior organized in the Department of the Interior, on August 23, 1933, the Division of Subsistence Homesteads.

Circular No. 1 of this Division very well describes the problems to which the legislation was directed:

"Underlying the enactment of this legislation is the widely held belief that large numbers of the

population of this country face a period of employment difficulties so severe and prolonged that special measures of much more than an emergency relief character are required to deal with the situation. The unexpected duration of the depression forcefully emphasized the existence of basic weaknesses in our economic and social structures which had been developing for some time as a result of the planless, unguided national development of the past, and served to call attention to markedly changed and, in some cases, new factors which can only be brought under control through a conscious policy of national planning. The planned redistribution of population contemplated in the subsistence homesteads legislation is essential in order that large groups of people, caught in a situation from which they are powerless to extricate themselves unaided, may have an opportunity to gain for themselves some degree of economic security and a more adequate standard of living.

"This legislation, consequently, affords opportunity for aiding developments which are desirable on various social grounds alone, and for demonstrating their possibilities under more widely varying sets of conditions than has yet been done. Even if, therefore, future industrial and agricultural recovery should lessen the immediate importance of the more strictly economic ends involved, the results on more purely social grounds should be of perma-

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nent national benefit. To be included in these results are highly constructive but often less easily measurable benefits, such as those provided by instruction and retraining in building construction, in small-scale agricultural pursuits, and in handicrafts and household arts and industries; by the incentive of home ownerships; and by the restoration of morale undermined by long unemployment and dependence upon relief."

A National Advisory Committee on Subsistence Homesteads was organized to advise on policy and program. This committee submitted a number of specific recommendations for administration of this twenty-five-million-dollar fund. These recommendations provided the groundwork for the Division's future policies and program. Among them were the following:

1. That the fund be used, as far as possible, for the purpose of setting up demonstration projects, since it was not large enough to handle the entire program.

2. That the demonstration projects be located with reference to the principal "problem areas of the United States," rather than on a basis of proportionate allocation of funds among the States.

3. That the projects be carried on with a maximum of local initiative and responsibility, assisted by Federal supervision and guidance and Federal protection for the Federal funds advanced.

4. That the projects be organized

and administered through local non-profit or limited dividend corporations, to which the Federal funds would be loaned, and which would be assisted by local advisory committees.

5. That the Federal funds should be loaned at a rate of 3 percent and amortized over a period of thirty years; and that, where justified and necessary, Federal funds should be loaned for the purchase of equipment, machinery and livestock.

6. That the individual homesteaders be assured of relief if it became necessary during the present economic crisis.

In order to obtain an administrative vehicle to serve as an agency for the establishment and operation of subsistence homestead communities, the Federal Subsistence Homesteads Corporation was organized under the laws of Delaware, to act as the Division's operating agency. All of the stock of this corporation was held by the Secretary of the Interior, in trust of course for the United States.

It was decided that for each subsistence homestead project a subsidiary corporation should be organized, the stock of which would be subscribed for by the parent organization, the Federal Subsistence Homesteads Corporation. This plan of organization was followed in the case of thirty projects and was continued until April 13, 1934, when it was terminated and a plan was instituted, whereby projects were operated directly from Washington

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by a completely Federal organization.

In the beginning it was necessary to depend for suggested locations and advice as to projects upon the various local applications for funds, which came in by the thousands from local sponsoring committees and individuals throughout the United States. After the first year, however, there was organized in the Division, an Initiation and Planning Section, whose duty was to make a survey of the country as a whole in order to determine where the various types of projects might be most effectively undertaken.

The majority of the projects initiated were of an industrial type, established near large industrial centers or close to small industrial villages or cities.

In addition to the industrial type of project, however, the Division undertook in the beginning to deal with several more specialized problems. Four projects, for example, were undertaken in locations where whole communities had been thrown into unemployment because of the decline of a particular industry in the community or because of the relocation of the industry elsewhere—for the so-called stranded groups of industrial workers. These projects were located in the mining and timber areas of West Virginia, Pennsylvania and Tennessee, where the miners and timber workers as a whole had become destitute.

By the end of the first ten months,

fifty-seven projects had been approved and allotted their portion of the funds; land had been purchased for twenty-five projects, and construction of houses had been started on nine projects.

On April 28, 1934, the first fifty families were moving into the 165-family project near Reedsville, West Virginia, set up for stranded coal miners from the closed mines of Preston and Monongahela Counties. This project provided an experimental ground for community planning, house construction, community farming and education, and for other activities which presented some particular problem the solution of which would be beneficial to the entire subsistence homesteads program. Originally this project was called Reedsville's Experimental Community and is now known as Arthurdale.

For each one thousand dollars advanced for a homestead in the subsistence homesteads program, interest and amortization amounted to less than \$4.22 per month, or \$50.59 per year. The Federal Subsistence Homesteads Corporation retained title to the property until 75 percent of the purchase price had been paid; and measures were taken to prevent homesteads from falling into the hands of real-estate speculators. The low amount of these interest and amortization requirements made it possible for homesteads of varying prices to be purchased by persons with cash incomes of from \$600 to \$1200 a year. This was the low in-

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come group which the program was intended to assist — the group situated financially above the relief level on the one hand, and on the other hand clearly below the higher income group which is able to obtain financing from private sources.

On April 24, 1934 I visited the Subsistence Homesteads Exhibition,

and made a speech, printed as Item 64 of Volume III.

On May 15, 1935, by Executive Order No. 7041 (see Item 60 of Vol. IV), the functions, funds and property of the Subsistence Homesteads Division were transferred to the Resettlement Administration. See also Chapter XIX, Vol. I.

101 ¶ The Third “Fireside Chat” — “The Simple Purposes and the Solid Foundations of Our Recovery Program.” July 24, 1933

AFTER the adjournment of the historical special session of the Congress five weeks ago I purposely refrained from addressing you for two very good reasons. First, I think that we all wanted the opportunity of a little quiet thought to examine and assimilate in a mental picture the crowding events of the hundred days which had been devoted to the starting of the wheels of the New Deal.

Secondly, I wanted a few weeks in which to set up the new administrative organization and to see the first fruits of our careful planning.

I think it will interest you if I set forth the fundamentals of this planning for national recovery; and this I am very certain will make it abundantly clear to you that all of the proposals and all of the legislation since the fourth day of March have not been just a collection of haphazard schemes, but rather the orderly component parts of a connected and logical whole.

Long before Inauguration Day I became convinced that individual effort and local effort and even disjointed Federal effort had failed and of necessity would fail and, therefore, that a rounded leadership by the Federal Government had become a necessity both of theory and of fact. Such leadership, however,

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had its beginning in preserving and strengthening the credit of the United States Government, because without that no leadership was a possibility. For years the Government had not lived within its income. The immediate task was to bring our regular expenses within our revenues. That has been done.

It may seem inconsistent for a government to cut down its regular expenses and at the same time to borrow and to spend billions for an emergency. But it is not inconsistent because a large portion of the emergency money has been paid out in the form of sound loans which will be repaid to the Treasury over a period of years; and to cover the rest of the emergency money we have imposed taxes to pay the interest and the installments on that part of the debt.

So you will see that we have kept our credit good. We have built a granite foundation in a period of confusion. That foundation of the Federal credit stands there broad and sure. It is the base of the whole recovery plan.

Then came the part of the problem that concerned the credit of the individual citizens themselves. You and I know of the banking crisis and of the great danger to the savings of our people. On March sixth every national bank was closed. One month later 90 percent of the deposits in the national banks had been made available to the depositors. Today only about 5 percent of the deposits in national banks are still tied up. The condition relating to State banks, while not quite so good on a percentage basis, is showing a steady reduction in the total of frozen deposits—a result much better than we had expected three months ago.

The problem of the credit of the individual was made more difficult because of another fact. The dollar was a different dollar from the one with which the average debt had been incurred. For this reason large numbers of people were actually losing possession of and title to their farms and homes. All of you know the financial steps which have been taken to correct this inequality. In addition the Home Loan Act, the Farm Loan Act and the Bankruptcy Act were passed.

It was a vital necessity to restore purchasing power by reducing

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the debt and interest charges upon our people, but while we were helping people to save their credit it was at the same time absolutely essential to do something about the physical needs of hundreds of thousands who were in dire straits at that very moment. Municipal and State aid were being stretched to the limit. We appropriated half a billion dollars to supplement their efforts and in addition, as you know, we have put 300,000 young men into practical and useful work in our forests and to prevent flood and soil erosion. The wages they earn are going in greater part to the support of the nearly one million people who constitute their families.

In this same classification we can properly place the great public works program running to a total of over three billion dollars — to be used for highways and ships and flood prevention and inland navigation and thousands of self-sustaining State and municipal improvements. Two points should be made clear in the allotting and administration of these projects: first, we are using the utmost care to choose labor-creating, quick-acting, useful projects, avoiding the smell of the pork barrel; and second, we are hoping that at least half of the money will come back to the Government from projects which will pay for themselves over a period of years.

Thus far I have spoken primarily of the foundation stones — the measures that were necessary to reestablish credit and to head people in the opposite direction by preventing distress and providing as much work as possible through governmental agencies. Now I come to the links which will build us a more lasting prosperity. I have said that we cannot attain that in a Nation half boom and half broke. If all of our people have work and fair wages and fair profits, they can buy the products of their neighbors, and business is good. But if you take away the wages and the profits of half of them, business is only half as good. It does not help much if the fortunate half is very prosperous; the best way is for everybody to be reasonably prosperous.

For many years the two great barriers to a normal prosperity have been low farm prices and the creeping paralysis of unem-

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ployment. These factors have cut the purchasing power of the country in half. I promised action. Congress did its part when it passed the Farm and the Industrial Recovery Acts. Today we are putting these two Acts to work and they will work if people understand their plain objectives.

First, the Farm Act: It is based on the fact that the purchasing power of nearly half our population depends on adequate prices for farm products. We have been producing more of some crops than we consume or can sell in a depressed world market. The cure is not to produce so much. Without our help the farmers cannot get together and cut production, and the Farm Bill gives them a method of bringing their production down to a reasonable level and of obtaining reasonable prices for their crops. I have clearly stated that this method is in a sense experimental, but so far as we have gone we have reason to believe that it will produce good results.

It is obvious that if we can greatly increase the purchasing power of the tens of millions of our people who make a living from farming and the distribution of farm crops, we shall greatly increase the consumption of those goods which are turned out by industry.

That brings me to the final step—bringing back industry along sound lines.

Last Autumn, on several occasions, I expressed my faith that we can make possible by democratic self-discipline in industry general increases in wages and shortening of hours sufficient to enable industry to pay its own workers enough to let those workers buy and use the things that their labor produces. This can be done only if we permit and encourage cooperative action in industry, because it is obvious that without united action a few selfish men in each competitive group will pay starvation wages and insist on long hours of work. Others in that group must either follow suit or close up shop. We have seen the result of action of that kind in the continuing descent into the economic hell of the past four years.

There is a clear way to reverse that process: If all employers in

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each competitive group agree to pay their workers the same wages — reasonable wages — and require the same hours — reasonable hours — then higher wages and shorter hours will hurt no employer. Moreover, such action is better for the employer than unemployment and low wages, because it makes more buyers for his product. That is the simple idea which is the very heart of the Industrial Recovery Act.

On the basis of this simple principle of everybody doing things together, we are starting out on this nationwide attack on unemployment. It will succeed if our people understand it — in the big industries, in the little shops, in the great cities and in the small villages. There is nothing complicated about it and there is nothing particularly new in the principle. It goes back to the basic idea of society and of the Nation itself that people acting in a group can accomplish things which no individual acting alone could even hope to bring about.

Here is an example. In the Cotton Textile Code and in other agreements already signed, child labor has been abolished. That makes me personally happier than any other one thing with which I have been connected since I came to Washington. In the textile industry — an industry which came to me spontaneously and with a splendid cooperation as soon as the Recovery Act was signed — child labor was an old evil. But no employer acting alone was able to wipe it out. If one employer tried it, or if one State tried it, the costs of operation rose so high that it was impossible to compete with the employers or States which had failed to act. The moment the Recovery Act was passed, this monstrous thing which neither opinion nor law could reach through years of effort went out in a flash. As a British editorial put it, we did more under a Code in one day than they in England had been able to do under the common law in eighty-five years of effort. I use this incident, my friends, not to boast of what has already been done but to point the way to you for even greater cooperative efforts this summer and autumn.

We are not going through another winter like the last. I doubt if ever any people so bravely and cheerfully endured a season

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half so bitter. We cannot ask America to continue to face such needless hardships. It is time for courageous action, and the Recovery Bill gives us the means to conquer unemployment with exactly the same weapon that we have used to strike down child labor.

The proposition is simply this:

If all employers will act together to shorten hours and raise wages we can put people back to work. No employer will suffer, because the relative level of competitive cost will advance by the same amount for all. But if any considerable group should lag or shirk, this great opportunity will pass us by and we shall go into another desperate winter. This must not happen.

We have sent out to all employers an agreement which is the result of weeks of consultation. This agreement checks against the voluntary codes of nearly all the large industries which have already been submitted. This blanket agreement carries the unanimous approval of the three boards which I have appointed to advise in this, boards representing the great leaders in labor, in industry, and in social service. The agreement has already brought a flood of approval from every State, and from so wide a cross-section of the common calling of industry that I know it is fair for all. It is a plan—deliberate, reasonable and just—intended to put into effect at once the most important of the broad principles which are being established, industry by industry, through codes. Naturally, it takes a good deal of organizing and a great many hearings and many months, to get these codes perfected and signed, and we cannot wait for all of them to go through. The blanket agreements, however, which I am sending to every employer will start the wheels turning now, and not six months from now.

There are, of course, men, a few men, who might thwart this great common purpose by seeking selfish advantage. There are adequate penalties in the law, but I am now asking the cooperation that comes from opinion and from conscience. These are the only instruments we shall use in this great summer offensive against unemployment. But we shall use them to the limit

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to protect the willing from the laggard and to make the plan succeed.

In war, in the gloom of night attack, soldiers wear a bright badge on their shoulders to be sure that comrades do not fire on comrades. On that principle, those who cooperate in this program must know each other at a glance. That is why we have provided a badge of honor for this purpose, a simple design with a legend, "We do our part," and I ask that all those who join with me shall display that badge prominently. It is essential to our purpose.

Already all the great, basic industries have come forward willingly with proposed codes, and in these codes they accept the principles leading to mass reemployment. But, important as is this heartening demonstration, the richest field for results is among the small employers, those whose contribution will be to give new work for from one to ten people. These smaller employers are indeed a vital part of the backbone of the country, and the success of our plan lies largely in their hands.

Already the telegrams and letters are pouring into the White House—messages from employers who ask that their names be placed on this special Roll of Honor. They represent great corporations and companies, and partnerships and individuals. I ask that even before the dates set in the agreements which we have sent out, the employers of the country who have not already done so—the big fellows and the little fellows—shall at once write or telegraph to me personally at the White House, expressing their intentions of going through with the plan. And it is my purpose to keep posted in the post office of every town, a Roll of Honor of all those who join with me.

I want to take this occasion to say to the twenty-four Governors who are now in conference in San Francisco, that nothing thus far has helped in strengthening this great movement more than their resolutions adopted at the very outset of their meeting, giving this plan their instant and unanimous approval, and pledging to support it in their States.

To the men and women whose lives have been darkened by

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the fact or the fear of unemployment, I am justified in saying a word of encouragement because the codes and the agreements already approved, or about to be passed upon, prove that the plan does raise wages, and that it does put people back to work. You can look on every employer who adopts the plan as one who is doing his part, and those employers deserve well of everyone who works for a living. It will be clear to you, as it is to me, that while the shirking employer may undersell his competitor, the saving he thus makes is made at the expense of his country's welfare.

While we are making this great common effort there should be no discord and dispute. This is no time to cavil or to question the standard set by this universal agreement. It is time for patience and understanding and cooperation. The workers of this country have rights under this law which cannot be taken from them, and nobody will be permitted to whittle them away but, on the other hand, no aggression is now necessary to attain those rights. The whole country will be united to get them for you. The principle that applies to the employers applies to the workers as well, and I ask you workers to cooperate in the same spirit.

When Andrew Jackson, "Old Hickory," died, someone asked, "Will he go to Heaven?" and the answer was, "He will if he wants to." If I am asked whether the American people will pull themselves out of this depression, I answer, "They will if they want to." The essence of the plan is a universal limitation of hours of work per week for any individual by common consent, and a universal payment of wages above a minimum, also by common consent. I cannot guarantee the success of this nationwide plan, but the people of this country can guarantee its success. I have no faith in "cure-alls" but I believe that we can greatly influence economic forces. I have no sympathy with the professional economists who insist that things must run their course and that human agencies can have no influence on economic ills. One reason is that I happen to know that professional economists have changed their definition of economic laws every five or ten years for a very long time, but I do have faith, and

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retain faith, in the strength of the common purpose, and in the strength of unified action taken by the American people.

That is why I am describing to you the simple purposes and the solid foundations upon which our program of recovery is built. That is why I am asking the employers of the Nation to sign this common covenant with me—to sign it in the name of patriotism and humanity. That is why I am asking the workers to go along with us in a spirit of understanding and of helpfulness.

(See Items 59, 78, 79, 81, 93, 98, 105 of this volume.)

102 ¶ Radio Address to Governors' Conference at San Francisco—"Mutual State and Federal Undertakings." July 25, 1933

I SEND my greetings across many States to the Conference of Governors assembled tonight. I wish I could meet with you and renew old and pleasant associations, created during the four years during which I was one of you. I like to recall that I was a member of the Executive Committee of the Conference of Governors and that I attended all four meetings during my term of office as Governor of New York. I found then, and subsequent observation has confirmed my belief, that the Governors' Conference is a vital and necessary organization.

I take this occasion to assure you of my deep appreciation of the cooperative spirit which you have recently shown in your resolution addressed to me. We are all engaged in the business of lifting this country from economic chaos and I congratulate you on the efforts that you are making.

I feel that one of the great problems before us is to adjust the balance between mutual State and Federal undertakings—to determine the joint responsibilities of many great tasks. I think we are making progress in this direction. There are many problems that extend beyond the power of single States. I can use

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as illustrations two which happen to be in the foreground in Washington at this moment.

The problem of oil production, for example, must be viewed and measured from the standpoint of the national total of production and of consumption. But, in coming to grips with the problem of limitation, the States have a function to perform which is of great importance. I am happy that the oil-producing States are cooperating with each other and with the Federal Government in this matter.

Another problem is a consideration of a wider and more effective use of the land over wide areas in such natural units as the Tennessee or the Arkansas or the Missouri or the upper Mississippi valleys. Here are problems where the individual State and regional groups of States and the Federal Government may well find possibilities of fruitful cooperation.

I extend to you a very personal note of greeting. I am more than pleased with the contacts which I have had with the Governors of the forty-eight sovereign States since I have been President. I have maintained a constant and active interchange of ideas with many of you. We have communicated by mail and telephone and more particularly by personal conferences at the White House. I hope that these contacts will continue and increase in number and importance. I hope, furthermore, that during the coming winter I may have the pleasure of meeting with you here in Washington once more, and I take this occasion to extend to you a cordial invitation for such a meeting during the coming winter.

Let us look forward to this gathering in the hope that it will mark further solid accomplishments by all of us in the direction of national recovery. It is a major purpose of my Administration to strengthen the bonds between State and Federal executive authorities, to the great common ends to which we are all devoted.

My warm greetings to you all, old associates and new friends.

(See Item 4 of this volume.)

103 ¶ The President Appraises the Achievements of the London Economic Conference —
Telegram to Prime Minister MacDonald.

July 26, 1933

BEFORE the recess of the Conference I want you to know of my sincere admiration and respect for your courage and your patience as its presiding officer. I feel that because of it the Nations of the world can continue to discuss mutual problems with frankness and without rancor. Results are not always measured in terms of formal agreements. They can come equally from the free presentation of each Nation's difficulties and each Nation's methods to meet its individual needs. We in the United States understand the problems of other Nations better today than before the Conference met and we trust that the other Nations will in the same spirit of good-will view our American policies which are aimed to overcome an unprecedented economic situation at home.

Such interchange, especially if it results in full discussion of all problems and not a few, only makes progress more and not less possible in the future.

That is why I do not regard the Economic Conference as a failure. Largely because of your tact and perseverance the larger and more permanent problems will continue to be analyzed and discussed. You recognize with me that new adjustments are necessary to meet world and national conditions which have never existed before in history. You can count on our continued efforts toward world rehabilitation because we are convinced that a continuation of the work of the World Economic Conference will result in practical good in many fields of joint endeavor.

NOTE: Although at the time the Economic and Monetary Conference did not arrive at any outstanding agreement between the Nations (see Items 34, 43, 87, 88, 103 of this volume), the intervening years have proved that it did serve various useful purposes.

Telegram to Ramsay MacDonald

It has led to a better mutual understanding of the nature of the individual economic and financial problems which beset the respective Nations at this critical period in world affairs. It has clarified the interdependent measures necessary to an adequate program for dealing with them. It has strengthened the wish of nearly every country to seek the lowering of foreign trade restrictions as quickly as national and international circumstances permit. It has served to make clear the necessity of molding the action of each country to the actions of other countries, so far as international monetary relations are concerned. It was an outstanding education in method.

Some of the underlying recommendations of the Preparatory Committee of Experts for the Conference (see Item 34, this volume) have resulted in a number of significant actions since the suspension of the Conference. Notable among these was the negotiation of many reciprocal trade agreements under the leadership of the United States (see Item 33, Vol. III); the international stabilization agreements beginning in September, 1936, be-

tween the United States, the United Kingdom and France (see Item 135, Vol. V), when stabilization could more naturally tie in with international economic relations; the subsequent international agreement between the chief silver producing countries and the chief holders and users of silver, with a view of stabilizing the price of that commodity (see note to Item 135, Vol. V).

Substantial understanding was also reached at this Conference, that in order to restore world prosperity it was essential to raise the wholesale prices of basic foodstuffs and raw materials to a reasonable level and that concerted international action was required. For this purpose specific consideration of the problems of the separate individual commodities was referred to other international organizations or to future meetings of the Conference.

The International Sugar Conference of 1937 was the first to be called under the auspices of the continuing machinery of the Conference. Discussions which had originated at the Conference between the exporting and importing countries of wheat also led to the subsequent formulation of an agreement.

104 ¶ Establishment of a Central Statistical Board. Executive Order No. 6225. July 27, 1933

PURSUANT to the authority vested in me by Titles I and II, the National Industrial Recovery Act, Public No. 67, 73d Congress, I hereby establish a Central Statistical Board to formulate standards for and to effect coordination of the statistical services of the Federal Government incident to the purposes of that act. The Board shall consist of one representative designated by each of the following officers from one of the statistical agencies under his direction:

The Secretary of the Interior
The Secretary of Agriculture
The Secretary of Commerce
The Secretary of Labor
The Governor of the Federal Reserve Board
The National Industrial Recovery Administrator

and one representative to be designated by the Committee on Government Statistics and Information Services created at the invitation of the Secretaries of the Interior, Agriculture, Commerce, and Labor; and such other members as the President may designate or the Board may invite from time to time for full or limited membership.

The Board shall have the power to appraise and advise upon all schedules of all Government agencies engaged in the primary collection of statistics required in carrying out the purposes of the National Industrial Recovery Act, to review plans for tabulation and classification of such statistics, and to promote the coordination and improvement of the statistical services involved.

The power to appoint such officers, agents and employees as it may require, is hereby delegated to the Central Statistical Board, and the Federal Emergency Administration of Public Works is hereby directed to allot to the Central Statistical Board the sum of twenty thousand dollars (\$20,000) to carry out its functions.

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NOTE: Soon after coming into office I discovered that conflicting statistics relating to the same subject were being published by two or more different departments or agencies. I also found that there was duplication in statistical research. The Central Statistical

Board, which was set up by the foregoing Executive Order, has eliminated both of these defects in administration.

The Order was amended by Executive Order No. 6700 of May 4, 1934.

105 ¶ “A Plan to Raise Wages, Create Employment, and Thus Restore Business” — The President’s Reemployment Agreement. July 27, 1933

To Every Employer:

1. This agreement is part of a nationwide plan to raise wages, create employment, and thus increase purchasing power and restore business. That plan depends wholly on united action by all employers. For this reason I ask you, as an employer, to do your part by signing.

2. If it turns out that the general agreement bears unfairly on any group of employers they can have that straightened out by presenting promptly their proposed Code of Fair Competition.

PRESIDENT’S REEMPLOYMENT AGREEMENT

(Authorized by Section 4a National Industrial Recovery Act)

DURING the period of the President’s emergency reemployment drive, that is to say, from August 1 to December 31, 1933, or to any earlier date of approval of a Code of Fair Competition to which he is subject, the undersigned hereby agrees with the President as follows:

(1) After August 31, 1933, not to employ any person under 16 years of age, except that persons between 14 and 16 may be employed (but not in manufacturing or mechanical industries) for not to exceed 3 hours per day and those hours between 7 a.m. and 7 p.m. in such work as will not interfere with hours of day school.

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(2) Not to work any accounting, clerical, banking, office, service, or sales employees (except outside salesmen) in any store, office, department, establishment, or public utility, or on any automotive or horse-drawn passenger, express, delivery, or freight service, or in any other place or manner, for more than 40 hours in any 1 week and not to reduce the hours of any store or service operation to below 52 hours in any 1 week, unless such hours were less than 52 hours per week before July 1, 1933, and in the latter case not to reduce such hours at all.

(3) Not to employ any factory or mechanical worker or artisan more than a maximum week of 35 hours until December 31, 1933, but with the right to work a maximum week of 40 hours for any 6 weeks within this period; and not to employ any worker more than 8 hours in any 1 day.

(4) The maximum hours fixed in the foregoing paragraphs (2) and (3) shall not apply to employees in establishments employing not more than two persons in towns of less than 2,500 population which towns are not part of a larger trade area; or to registered pharmacists or other professional persons employed in their profession; or to employees in a managerial or executive capacity, who now receive more than \$35 per week; or to employees on emergency maintenance and repair work; or to very special cases where restrictions of hours of highly skilled workers on continuous processes would unavoidably reduce production but, in any such special case, at least time and one third shall be paid for hours worked in excess of the maximum. Population for the purposes of this agreement shall be determined by reference to the 1930 Federal census.

(5) Not to pay any of the classes of employees mentioned in paragraph (2) less than \$15 per week in any city of over 500,000 population, or in the immediate trade area of such city; or less than \$14.50 per week in any city of between 250,000 and 500,000 population, or in the immediate trade area of such city; or less than \$14 per week in any city of between 2,500 and 250,000 population, or in the immediate trade area of such city; and in towns of less than 2,500 population to increase all wages by not less

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than 20 percent, provided that this shall not require wages in excess of \$12 per week.

(6) Not to pay any employee of the classes mentioned in paragraph (3) less than 40 cents per hour unless the hourly rate for the same class of work on July 15, 1929, was less than 40 cents per hour, in which latter case not to pay less than the hourly rate on July 15, 1929, and in no event less than 30 cents per hour. It is agreed that this paragraph establishes a guaranteed minimum rate of pay regardless of whether the employee is compensated on the basis of a time rate or on a piecework performance.

(7) Not to reduce the compensation for employment now in excess of the minimum wages hereby agreed to (notwithstanding that the hours worked in such employment may be hereby reduced) and to increase the pay for such employment by an equitable readjustment of all pay schedules.

(8) Not to use any subterfuge to frustrate the spirit and intent of this agreement which is, among other things, to increase employment by a universal covenant, to remove obstructions to commerce and to shorten hours and to raise wages for the shorter week to a living basis.

(9) Not to increase the price of any merchandise sold after the date hereof over the price on July 1, 1933, by more than is made necessary by actual increases in production, replacement, or invoice costs of merchandise, or by taxes or other costs resulting from action taken pursuant to the Agricultural Adjustment Act, since July 1, 1933, and, in setting such price increases, to give full weight to probable increases in sales volume and to refrain from taking profiteering advantage of the consuming public.

(10) To support and patronize establishments which also have signed this agreement and are listed as members of N.R.A. (National Recovery Administration).

(11) To cooperate to the fullest extent in having a Code of Fair Competition submitted by his industry at the earliest possible date, and in any event before September 1, 1933.

(12) Where, before June 16, 1933, the undersigned had con-

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tracted to purchase goods at a fixed price for delivery during the period of this agreement, the undersigned will make an appropriate adjustment of said fixed price to meet any increase in cost caused by the seller having signed this President's Reemployment Agreement or having become bound by any Code of Fair Competition approved by the President.

(13) This agreement shall cease upon approval by the President of a code to which the undersigned is subject; or, if the N.R.A. so elects, upon submission of a code to which the undersigned is subject and substitution of any of its provisions for any of the terms of this agreement.

(14) It is agreed that any person who wishes to do his part in the President's reemployment drive by signing this agreement, but who asserts that some particular provision hereof, because of peculiar circumstances, will create great and unavoidable hardship, may obtain the benefits hereof by signing this agreement and putting it into effect and then, in a petition approved by a representative trade association of his industry, or other representative organization designated by N.R.A., may apply for a stay of such provision pending a summary investigation by N.R.A., if he agrees in such application to abide by the decision of such investigation. This agreement is entered into pursuant to section 4 (a) of the National Industrial Recovery Act and subject to all the terms and conditions required by sections 7 (a) and 10 (b) of that Act.

(Here follows space for signature of employer, with designation of his industry and number of employees.)

NOTE: Although there had been quick and widespread response on the part of industry in submitting proposed codes after the signing of the National Industrial Recovery Act (see Item 93, this volume), I thought that a strong impetus should be given to the reemploy-

ment program in order to get as many unemployed back to work as quickly as possible.

The President's Reemployment Agreement (P.R.A.) was devised to be signed by individual employers of labor. The agreement dealt only with wages and hours and not with

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trade practices. Prices were rising and I believed that workers were entitled to a more just percentage of them in the way of wages. The reemployment agreement was also necessary in order to bring all labor under the same rulings, in order to protect interstate commerce from the competition of intra-state manufacturers, and to arouse a more widespread public opinion in support of the plan.

In connection with this agreement the Blue Eagle was devised as an official symbol to be used only by those who were operating under approved codes or who had signed the President's Reemployment Agreement. Patriotic citizens were expected to patronize only those concerns which displayed the Blue Eagle. The withdrawal of the right to display the Blue Eagle thus became an important method to enforce compliance.

The agreement was intended to be a temporary expedient to be used pending the codification of all in-

dustries. It was drafted originally to cover the period from September 1, 1933, to December 31, 1933. It was extended to April 30, 1934, by Executive Order No. 6515 of December 19, 1933, and afterwards extended by Executive Order No. 6678-A, dated April 14, 1934, indefinitely to such a time as the signer's business became subject to a code.

It was amended by Executive Order No. 6304, dated October 3, 1933, changing Paragraph 3 for signers after said date to read: "(3) Not to employ any factory or mechanical worker or artisan more than a maximum week of 35 hours until December 31, 1933; and not to employ any worker more than eight hours in any one day."

Over 2,300,000 of these individual agreements were signed with the President, covering approximately 16,300,000 employees. The agreements also had the effect of causing the submission of a deluge of codes, increasing markedly the administrative difficulties of the N.R.A.

106 ¶ The Thirty-seventh Press Conference (Excerpts). July 28, 1933

(Grand Coulee — Casper-Alcova project — St. Lawrence power development project — Reclamation and increased farm production — Retirement of submarginal farm land.)

Q. Mr. President, there are reports out this afternoon that the Government is taking some steps toward inflation of the dollar. Is there anything you can tell us about that?

THE PRESIDENT: It is a typical July story.

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Q. Off the record, Mr. President, can you fill us in on what the situation is on that? Personally I am as ignorant as a nincompoop on it all, and if I could get a little background or off the record . . .

THE PRESIDENT: On what?

Q. On inflation and deflation of the dollar and so forth. (*Laughter*)

Q. Is there anything I can get? (*Laughter*)

THE PRESIDENT: Stevie (*Francis Stephenson, a reporter*), if you would offer me a hundred dollars to write a story I couldn't write it myself. "There just ain't no news."

Q. I could not offer it. (*Laughter*)

Q. I see the Secretary of the Interior is here. Is there anything you can give us about public works programs, oil, the Mississippi Valley and the channel?

THE PRESIDENT: Yes, I think we can do that. We studied this morning and approved the Grand Coulee project in the Columbia River. The amount involved is sixty-three million dollars. That is the initial amount. I think you had better check on these figures, because they are just purely from memory. The original, complete project called for a very large dam, I think about three hundred feet high.

Q. Three hundred and seventy feet high, I think.

THE PRESIDENT: It was a dam that would have developed, as I remember it, over a million horsepower. At this time, however, it is felt that there isn't a present, ready market for that amount of power, and therefore the foundations for the full-sized dam will be put in, but the dam will be only built to a height of about a hundred and thirty feet. Is that correct, Harold?

SECRETARY ICKES: I don't think it is that high.

Q. A hundred and forty feet, I think.

THE PRESIDENT: A hundred and thirty or a hundred and forty feet. Initially it should develop four hundred and fifty or five hundred thousand horsepower.

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SECRETARY ICKES: It will be the cheapest power in the country. . . .

Q. Mr. President, will you appoint a District Commissioner?

THE PRESIDENT: There is one other project which I think will be approved next Monday or Tuesday. That is the Casper-Alcova project in Wyoming. That is a very large project which is primarily for flood control. It is the first large one on the upper waters of the Missouri River. Actually, it is not on the Missouri itself, but is on the South Platte. Do you remember what the total of that is, approximately?

SECRETARY ICKES: Twenty-one million dollars.

Q. Mr. President, pending ratification of the St. Lawrence Treaty, is there anything you can do on that?

THE PRESIDENT: No, I would rather you did not have this coming out from here. You can say that the question has been broached and it seems to be Administration policy. Several Senators, including Senator Vandenberg and some others, have asked me to set aside out of this public works money a hundred and fifty million dollars for the American share of the building of the International Rapids Section of the St. Lawrence next year, pending ratification of the Treaty; but I frankly don't think that was within the intent of the Congress in appropriating the money. They wanted the money to apply to projects which could be immediately started; and I think it would be flying in the face of Congressional intent if I were to withhold that money until next year in the hope that the Treaty would go through, so I don't think I can do it.

In regard to these projects, I think it is well at this time to make one thing clear. The Wyoming project, for example, has as its primary purpose the control of flood waters on the upper tributaries of the Missouri River. With that control there will be two other results: one, power; and the other, sufficient water to use for reclamation purposes. Now, the very minute you start to increase the irrigation area in the United States, you run into the problem of additional crop

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production. At the present time we are all against additional crop production.

What are you going to do about it? It will be good crop land. It will be irrigated land and therefore the Administration, in order to get this good crop land which will be a by-product of flood prevention, has decided that it will take out of production an equivalent acreage in sections of the country where such acreage is now being farmed on a submarginal basis. Submarginal land, in other words, is inferior land which ought not to be farmed but still is being farmed. Now, that does not mean taking out acre for acre, because this reclamation land which will result from the flood control and this Wyoming project will probably produce three or four times as much in the way of crops as the submarginal land produces. Therefore it may, in all probability, be necessary to withdraw from cultivation three or four acres of submarginal land for every acre of new reclamation land that is being put into use. Therefore, we shall undertake to acquire and take out of cultivation an acreage of submarginal land whose production is the equivalent of the new acreage of reclamation land which is put into use, so that the total production of crops will not be increased. Of course, at the same time we are taking off the inferior soil, off that submarginal land, families that today cannot make a living working that submarginal land.

Q. Will the submarginal land be used for forest preserves?

THE PRESIDENT: They will probably go back into the public domain; and if there are lands which can be used for forestry purposes we will put them into forestry. . . .

Q. Mr. President, is there anything to these reports from Paris that Baruch talked to Litvinov and discussed with him the recognition of Russia?

THE PRESIDENT: That is another July hot-weather story.

Q. How about Secretary Hull and Moley to go to Treasury?

THE PRESIDENT: That is a third July story; in fact that is a July and August story.

Nira Collins Is Congratulated

Q. What about the story that Governor Lehman will become Secretary of the Treasury?

THE PRESIDENT: That is a July and August story.

Q. Who will be Secretary of the Treasury?

THE PRESIDENT: Mr. Woodin (*the then Secretary of the Treasury*).

NOTE: With respect to the various public works projects discussed in this Press Conference see Items 80, 89 and 117 of this volume.

Treaty discussed above, see Item 7 of Vol. III.

For further statement on retirement of submarginal land, see Items 50 and 51 of Vol. IV.

With respect to the St. Lawrence

107 ¶ *Nira Collins Is Christened and Congratulated. July 29, 1933*

My dear Mrs. Collins:

It is with sincere pleasure that I have heard about your new baby daughter and the tribute you have paid to our effort toward industrial recovery by christening her Nira in honor of the National Industrial Recovery Act.

Signifying, as it does, the faith, confidence and cooperation necessary in any great human endeavor, I compliment you on your choice and hope that your baby will be healthy and happy in the better days to come.

Very sincerely yours,

Mrs. Christopher J. Collins, Jr.,
Upper Darby, Pennsylvania.

108 ¶ A Threatened Coal Strike Is Averted;
Statement by the President. August 4, 1933

A GREAT coal strike threatened the entire bituminous field and because of scant storage at factories also threatened the revival of manufacture on which so much depends.

On the basis of a simple suggestion for settlement, made by General Johnson, both management and labor have declared an absolute truce on dissension at the mines to await the regulation of the whole matter at the coming hearings on the coal codes.

In the meantime all disagreements are to be settled by a board of my selection to which both sides agree—Gerard Swope, Louis Kirstein and George L. Berry. Never in our country has a strike of such threatened proportions been settled so quickly and so generously.

The public-spirited men on both sides of the agreement are to be congratulated in thus averting threatened disaster, but I cannot let the occasion pass without referring to the tireless and constructive labors of the intermediaries, Governor Pinchot, Gerard Swope, Edward McGrady and Walter Teagle, as well as to the operators and to John Lewis and other representatives of the miners.

NOTE: A strike in the bituminous coal fields was called late in July, 1933. The United Mine Workers of America, which was the union involved, charged the employers with discouraging affiliation by their employees with the union. There was much disorder, and the Governor of Pennsylvania was compelled to send the militia into Fayette County to preserve order in the strike area. The strike threatened to spread to all of the 200,000 workers in the bituminous fields.

It was ended, however, by an agreement between the mine operators and the miners to submit disputes, pending the adoption of a permanent code, to a Board composed of three members appointed by me.

The foregoing statement pointed out that never in our history had a strike of such threatened proportions been settled so quickly and so generously.

109 ¶ The First National Labor Board Is Appointed. Statement by the President.

August 5, 1933

OF IMPORTANCE to the Recovery Program is the appeal to management and labor for industrial peace, which has just been sent to me for approval. With compelling logic, it calls upon every individual in both groups to avoid strikes, lockouts or any aggressive action during the Recovery Program.

It is a document on a par with Samuel Gompers' memorable war-time demand to preserve the *status quo* in labor disputes—and in addition to the signature of the President of the American Federation of Labor it carries the signature of every great labor leader and every great industrial leader on the two advisory boards of the Recovery Administration. It is an act of economic statesmanship. I earnestly commend it to the public conscience.

This joint appeal proposes the creation of a distinguished tribunal to pass promptly on any case of hardship or dispute that may arise from interpretation or application of the President's Reemployment Agreement. The advantages of this recommendation are plain and I accept it and hereby appoint the men it proposes whose names will carry their own commendation to the country:

Senator Robert F. Wagner,
Chairman
Mr. William Green
Dr. Leo Wolman

Mr. John L. Lewis
Mr. Walter C. Teagle
Mr. Gerard Swope
Mr. Louis E. Kirstein

NOTE: Soon after the enactment of the National Industrial Recovery Act, it became apparent that some agency would have to be set up to handle the labor disputes which were continually arising under the

various codes and under the President's Reemployment Agreement.

In order to meet that need, I appointed the first National Labor Board, consisting of the men mentioned in the foregoing statement,

A Joint Statement

issued by me at the time. The function of the Board was to consider, adjust and settle differences and controversies that might arise through differing interpretations of the labor provisions of the codes, or the President's Reemployment Agreement.

The Board soon found it necessary to expand its activities, in order to take care of the large number of disputes which were arising under Section 7-A, of the National Indus-

trial Recovery Act. It established twenty regional boards, composed of representatives of labor and industry, with representatives of the public as impartial chairmen, to adjust cases and hold hearing in the regions where the controversies arose. In this way the cases could be expedited; and the parties involved could avoid the burden of coming to Washington.

See Item 182 of this volume for the next step in this direction.

110 ¶ Joint Statement by the President and Ambassador Cintas on the Cuban Situation.

August 9, 1933

THE President and Ambassador Cintas discussed the Cuban situation, especially in its economic aspects. They feel that the problems of starvation and of depression are of such immediate importance that every political problem should be met in the most patriotic spirit in order to improve conditions at the earliest possible moment. The Ambassador is communicating with his Government.

NOTE: The foregoing joint statement was issued by Ambassador Cintas of Cuba and myself, after a visit by him to me at Hyde Park, New York, to discuss the entire

Cuban situation, which was then becoming more and more acute. With respect to the Cuban situation, the reader is referred to Items 86, 114, and 169 of this volume.

111 ¶ Impromptu Talk to the Boys of Bowdoin Farm. August 10, 1933

BOWDOIN farm is accomplishing something not only for the younger boys and girls, but is also doing something to advance a cause that has long been a pet hobby of mine — that is, to educate young men to become useful citizens outside of the cities.

More and more people are discovering that if they go to live on a farm they will never starve to death, while they may if they remain in the city. Of course, in the city they have a chance of becoming millionaires. But there are lots of things better than growing exceedingly rich, and one of them is having the assurance of a competence, of a sufficient living, of a good life and good neighbors.

You boys have a mighty fine chance at that assured life.

112 ¶ Code Compliance Made a Condition for Government Purchases. Executive Order No. 6246. August 10, 1933

BY VIRTUE of the authority vested in me by the act of Congress entitled "An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes," approved June 16, 1933 (Public No. 67, 73d Congress), and in order to effect the purposes of that act, it is hereby ordered that —

(1) *Contracts for Supplies.* Every contract entered into within the limits of the United States (by which is meant the 48 States of the Union, the District of Columbia, the Territories of Hawaii and Alaska, the Panama Canal Zone, Puerto Rico, and the Virgin Islands) by the United States or any of its agencies or instrumentalities for supplies mined, produced, or manufactured in the United States as contemplated by Section 2, Title III, of the act

A Condition for Government Purchases

approved March 3, 1933, entitled "An Act Making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes" (Public No. 428, 72d Congress), except as set forth in the proviso under paragraph (a) below, shall provide and require that:

(a) The contractor shall comply with all provisions of the applicable approved code of fair competition for the trade or industry or subdivision thereof concerned, or, if there be no approved code of fair competition for the trade or industry or subdivision thereof concerned, then with the provisions of the President's Reemployment Agreement promulgated under authority of Section 4 (a) of the foregoing act, or any amendment thereof, without regard to whether the contractor is himself a party to such code or agreement:

Provided, That where supplies are purchased that are not mined, produced, or manufactured in the United States the special or general code of fair practice shall apply to that portion of the contract executed within the United States.

(b) If the contractor fails to comply with the foregoing provision, the Government may by written notice to the contractor terminate the contractor's right to proceed with the contract, and purchase in the open market the undelivered portion of the supplies covered by the contract, and the contractor and his sureties shall be liable to the Government for any excess cost occasioned the Government thereby.

(2) *Disbursing Officers*. No disbursing officer shall be held liable for any payment made under the provisions of the foregoing act, or any Executive order issued under authority of that act, or for the unobligated balance of any overpayment involved.

NOTE: By the foregoing Executive Order, the United States Government itself did what it was asking private citizens to do, namely, to buy their merchandise only from those who complied with the N.R.A.

codes set up for the respective industries. (See Items 78, 79, 93 of this volume.)

Restriction on purchases was one of the methods adopted to encourage compliance with code provisions.

113 ¶ Informal Remarks at a C.C.C. Camp.

August 12, 1933

I WISH I could spend a couple of months here myself. The only difference between us is that I am told you men have put on an average of twelve pounds each. I am trying to lose twelve pounds.

It is very good to be able to visit these Virginia Civilian Conservation Corps camps. I hope that they are as inspiring all over the country as these I have seen today.

More important, I have seen the boys themselves, and all you have to do is to look at the boys themselves to see that the camps themselves are a success.

NOTE: The Congress had authorized continuation of the Civilian Conservation Corps in the first statute for two years (see Items 21, 31, and 90 of this volume). The results of the first three months of the operation of the Corps were, however, eagerly awaited by all of us to determine whether or not the results warranted continuation.

I paid a visit to several of the C.C.C. camps in August, 1933, of which the above was one. We were

all thoroughly satisfied with the results achieved. Plans were made at once to arrange for a second enrollment to begin October 1, 1933.

Such former enrollees as wished were permitted to re-enroll for a second six months, and those who did not re-enroll had their places filled by new enrollees. In December, 1933, an education program was commenced in the various camps, with an educational director in charge.

114 ¶ The Good-Neighbor Policy Begins to Work in Cuba. A Presidential Statement.

August 13, 1933

LATEST advices are to the effect that domestic disturbances, including acts of violence, are occurring in some parts of Cuba among certain elements of the population.

In these circumstances, I feel constrained as a matter of special precaution and solely for the purpose of safeguarding and

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protecting the lives and persons of American citizens in Cuba, to order certain vessels to points on the Cuban Coast.

The change of Government now taking place in Cuba is in entire accord with the recognized Constitution and laws of that country, and no possible question of intervention or of the slightest interference with the internal affairs of Cuba has arisen or is intended by this precautionary step to protect, if necessary, the lives of American citizens, pending the restoration of normal conditions of law and order by the Cuban authorities.

I am giving strict instructions accordingly to the Commanders of each vessel.

The American people deeply sympathize with the people of Cuba in their economic distress, and are praying that quiet and strict order may soon prevail in every part of Cuba. The American Government will lend all aid feasible, through constituted Cuban authorities, for the relief of the distressed people of the island.

NOTE: When I took office, there had been continued hostility for several years to the Presidency of General Gerardo Machado in Cuba. This had been heightened by the prolonged depression in the sugar industry. About 80 percent of Cuba's national income was derived from the sale of sugar in foreign markets. These markets had begun to fall off since 1924, and dwindled very rapidly during the depression. To add to that, the Smoot-Hawley Tariff Act presented an almost insurmountable hurdle to the import of Cuban sugar to the United States.

Hostilities had broken out, and the state of Cuban affairs was cause for deep anxiety to the new Administration. The question of the re-

sponsibilities and obligations of the United States Government to Cuba involved a consideration of the Platt Amendment to the Treaty of 1903 between the United States and Cuba, by which the United States had been granted the right by Cuba to intervene in Cuban affairs for the purposes of maintaining "a government adequate for the protection of life, property and individual liberty."

I did not believe that the conditions in Cuba constituted a just basis for the exercise of our right to intervene. Besides, intervention in the domestic affairs of other countries was decidedly contrary to the good-neighbor policy which I had determined upon with respect to

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foreign Nations, and particularly the other American Republics.

I had hoped, however, that our Ambassador, Mr. Welles, might be able to work out an agreement between the Government of President Machado and the political groups opposing his continuation in office, which might bring about a new free election of a President. Ambassador Welles immediately upon his arrival in Cuba attempted to bring about such an agreement, and during June and July of 1933 held several "mediation conferences" for that purpose. My message to the first of these formal meetings on July 1, 1933, is printed as Item 86 of this volume.

Much progress was made. Political prisoners were released by the Government; existing censorship of the press was abolished; a general amnesty law was passed, and constitutional guarantees were restored.

Unfortunately, however, this progress toward a successful conclusion of the "mediation conferences" was stopped by a series of concerted strikes, which led to renewed bloodshed and to the sudden revocation of constitutional guarantees by President Machado. Finally, a conspiracy of the officers in the Cuban Army resulted in an ultimatum to the President on August 11, 1933, demanding his immediate resignation. The President was forced to resign on August 12, 1933, and fled from the country, bringing to a close the mediatory efforts of the Ambassador.

The foregoing statement by me was occasioned by the continued fighting and bloodshed in Cuba, which, before they subsided, made it necessary to send several small warships and Coast-Guard vessels to certain harbors near which American citizens were living.

The important item in connection with the statement, and throughout the entire Cuban disturbances, was the fact that armed intervention by the United States in Cuba was unequivocally forbidden. The vessels were sent to protect American lives, if necessary; but I made it clear that there could not possibly be any intervention by us in the internal affairs of Cuba.

This was a definite statement of our fixed policy of non-intervention since March 4, 1933; and it has been followed throughout my Administration in connection with all of the American Republics.

As soon as we felt that a Cuban Government had been established which was substantially supported by the Cuban people as a whole, we recognized the new Government. (See Item 169 of this volume and Items 96 and 115 of Vol. III.)

The foregoing incident, however, was the first of a series of acts which justified the statement made by me in my address before the Woodrow Wilson Foundation on December 28, 1933 (see Item 192, this volume), that "the definite policy of the United States from now on is one opposed to armed intervention."

115 ¶ A Letter to the United States Flag Association on Its Efforts Against Crime. August 14, 1933

My dear Colonel Moss:

I acknowledge with thanks your telegram in which the Steering Committee of the National Council of '76 of The United States Flag Association pledges cooperation to the Department of Justice and assures support in our efforts to free the country of its scourge of frightful crime.

I am deeply interested in and heartily endorse the crusade against crime which the Association is conducting under the sponsorship of its National Council of '76. It is a fine patriotic undertaking of the greatest importance which deserves, and I am confident will receive, the support of all loyal citizens.

Will you please convey to the members of the Steering Committee my deep appreciation of their fine spirit of cooperation?

Very sincerely yours,

Colonel James A. Moss,
President General,
The United States Flag Association,
Washington, D. C.

116 ¶ The Federal Power Commission Designated as an Agency of the Public Works Administration. Executive Order No. 6251.

August 19, 1933

PURSUANT to authority vested in me by Title II of the National Industrial Recovery Act, approved June 16, 1933, I hereby designate the Federal Power Commission as an agency to aid the Federal Emergency Administrator of Public Works in the preparation of that part of the comprehensive program of public works provided for in Section 202 of the act which pertains to the de-

Federal Power Commission Designated

velopment of water power and the transmission of electrical energy. As such agency, the Commission shall make a survey of the water resources of the United States as they relate to the conservation, development, control, and utilization of water power; of the relation of water power to other industries and to interstate and foreign commerce; and of the transmission of electrical energy in the United States and its distribution to consumers, and on the basis of this survey, shall formulate a program of public works. . . .

2. I further authorize and direct the Commission to investigate, upon the request of the Federal Emergency Administrator of Public Works, applications for loans to be made under Title II of the National Industrial Recovery Act for the construction of public-works projects which involve the development and utilization of electric power, and to make recommendations with respect thereto to the Administrator.

3. The Commission shall have authority to appoint, without regard to the civil-service laws, such officers, experts, and employees as it may find necessary to carry out its functions under this order, to prescribe their authorities, duties, responsibilities, and tenure and, without regard to the Classification Act, 1923, as amended, to fix their compensation. The Commission shall have authority also to make all necessary expenditures (including expenditures for personal services and rent at the seat of government or elsewhere, for law books and books of reference and for paper, printing, and binding).

4. The total expenditures by the Commission in connection with its functions and duties under this order shall not exceed the sum of four hundred thousand dollars (\$400,000.00).

NOTE: The Federal Power Commission was created June 10, 1920, by the Federal Water Power Act (41 Stat. 1063).

Even a casual reading of its reports for each year up to 1933 will show that the Commission during

those twelve years was neither a vigorous administrative agency nor an active participant in the proper development of the power industry in the United States. It had done little or nothing to promote the water power resources of the country. It

Federal Power Commission Designated

had not attempted adequately to regulate the rates, service, or securities of any of the electric companies. It had made few if any investigations as to the extent and possibilities of the power resources of the Nation. In fact, it had done practically nothing to carry out the purposes of the statute which had created it and which had given it extensive powers designed to conserve, develop and promote in the public interest our water power resources, and to supervise the development of the hydro-electric industry throughout the United States.

The Commission was also empowered by the original Act to protect the interest of the consuming and investing public and of the United States in the water-power projects which it licensed. It was supposed to determine the net investment of the licensee in projects, not only as a basis for the determination of rates where it had authority to exercise rate-making powers, but also as a basis to fix the recapture price, in the event that the Government decided to recapture any licensed project. Here, too, the Commission had failed adequately to fulfill its statutory responsibility.

Beginning in 1933, however, the Commission was furnished with adequate funds, personnel, and, above all, Administration encouragement and impetus; and has, since then, conscientiously performed the functions given to it.

A commission such as the Federal Power Commission should not serve

merely as a judicial body to act as an umpire between persons making complaints on the one hand and public utilities on the other. It should be prepared and willing always to act, upon its own initiative, as an agent of the public to investigate the acts and rates of public utilities in order to protect the investors in their securities and the consumers of their services. All of the engineering, accounting and legal resources of the Commission should be available and constantly used to get the facts and to bring about fair dealing by public utilities to the public in general.

I believe that I can truthfully say that commencing in 1933, the Commission did begin to fulfill that concept of such a regulatory body.

By the foregoing Executive Order the Commission was designated as the agency to carry out that part of the vast national program of public works which pertained to the development of water power and the transmission of electricity. It was directed to make the surveys and investigations listed. It was given adequate funds and personnel for the purposes, with which it made a national power survey, the first comprehensive survey made in the history of the country of its power demands and its power resources.

In addition to the original \$400,000 appropriated out of the emergency fund for public works, additional amounts totaling \$325,000 for the extension of the power survey were set aside between July and

Federal Power Commission Designated

December in the year 1935, making a total of \$725,000 thus appropriated. Of this amount, \$99,573.29 was unexpended and returned to the fund.

By July 1, 1934, ten applications for loans for the construction of public works projects involving the development and utilization of electric power had been submitted to the Commission, and full reports on nine had been made to the Federal Emergency Administrator of Public Works. This was one of the duties placed upon the Power Commission by the foregoing Executive Order.

The Commission has issued, as a result of its national power survey, four very important reports: Power Series No. 1, March 22, 1935, Interim Report, which reported on the existing utility plants in the country as compared with the demands to be expected by the public for power; Power Series No. 2, March 18, 1936, on the Principal Electric Utility Systems in the United States; Power Series No. 3, June 3, 1936, dealing with the Cost of Distribution of Electricity; and Power Series No. 4, which was a study of the Use of Electric Power in Transportation.

This survey has been a part of the movement for national planning.

Pursuant to Senate Resolution No. 123 of May 1, 1935, the Commission also made a survey and re-

port on the restraining orders and injunctions issued by courts against publicly owned electric light and power plants, the costs of the proceedings, and the loss to the public therefrom.

It also made its so-called national Electric Rate Survey, of which eight series have been published, all of great importance in giving factual publicity on the many problems, phases and factors making up the national electric light and power scheme. Immediately following the publication of these reports of the Electric Rate Survey, a wide reduction of rates was made by power companies; and there can be no question but that one of the influences leading to these reductions was the wide publicity given by this comprehensive rate study.

The work of the Commission for the last four years has been one of constant assistance to the legislative branch of the Government in formulating legislation, and to the Executive branch of the Government in carrying out its policy with respect to power development and public utility services.

As a result of the studies made by the Commission, its jurisdiction was considerably extended by the Federal Power Act, which is Title II of the Public Utility Act of 1935. (See Items 27 and 110 of Vol. IV.)

117 ¶ The Functions, Powers and Regulations of
the Public Works Administration. Executive
Order No. 6252. August 19, 1933

A. DELEGATION OF FUNCTIONS AND POWERS

PURSUANT to the authority vested in me by Section 201 (a) of the National Industrial Recovery Act, approved June 16, 1933, I hereby delegate to the Federal Emergency Administrator of Public Works the following functions and powers:

1. To establish such agencies, to accept and utilize such voluntary and uncompensated services, and to utilize such Federal officers and employees and, with the consent of the State, such State and local officers and employees as he may find necessary, and to prescribe their authorities, duties, responsibilities, and tenure.

2. Under the conditions prescribed in Section 203 of said Act, to construct, finance, or aid in the construction or financing of any public works project included in the program prepared pursuant to Section 202 of said Act; upon such terms as he shall prescribe, to make grants to States, municipalities, or other public bodies for the construction, repair, or improvement of any such project; to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project and to lease any such property with or without the privilege of purchase; and to aid in the financing of such railroad maintenance and equipment as may be approved by the Interstate Commerce Commission as desirable for the improvement of transportation facilities.

3. In deciding to extend any aid or grant to any State, county, or municipality, to consider whether action is in process or in good faith assured therein reasonably designed to bring the ordinary current expenditures thereof within the prudently estimated revenues thereof.

4. In his discretion, and under such terms as he may prescribe,

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to extend any of the benefits of Title II of said Act to any State, county, or municipality notwithstanding any constitutional or legal restriction or limitation on the right or power of such State, county, or municipality to borrow money or incur indebtedness.

B. REGULATIONS

Pursuant to the authority vested in me by section 209 of the National Industrial Recovery Act I hereby prescribe the following rules and regulations as necessary to carry out the purposes of Title II of said Act:

1. No convict labor shall be employed on any project constructed in whole or in part under the provisions of Title II of said Act. No materials manufactured or produced by convict labor shall be used on any such project.

2. No contractor or sub-contractor on any such project who is subject to a code adopted pursuant to Title I of said Act shall permit any employee to work in excess of the hours of labor prescribed in said code. No other contractor or sub-contractor shall permit any employee to work more than 30 hours in any one week, except by authority of the Administrator; provided that working time lost in any week because of inclement weather or unavoidable delay may be worked within the succeeding 20 days; provided further, that in localities where a sufficient amount of labor is unavailable in the immediate vicinity of the project a maximum of 130 hours of labor in any calendar month may be authorized by the Administrator; provided further, that in localities so remote and inaccessible that employees must be housed in camps the Administrator may authorize labor not to exceed 8 hours in any one day and 40 hours in any one week.

3. No employee on any such project shall be paid less than a just and reasonable wage which shall be compensation sufficient to provide for the hours of labor as limited, a standard of living in decency and comfort. All such wages shall be paid in lawful money of the United States in the full amount earned by each individual at the time of payment, not less often than once each

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week, and without deduction on account of goods purchased, rent, or other obligations, which obligations shall be subject to collection only by legal process.

4. Each contractor or sub-contractor on any such project shall post in a prominent and easily accessible place at the site of the work a legible statement of all wage rates paid.

5. Should it appear that any individual employed on any such project has been or is being paid less than hereinbefore prescribed, the Administrator shall notify the employer of such individual to pay him all wages due according to the prescribed rate. Upon 10 days default on the part of such employer he shall be liable to the penalties provided in said Act for violation of these regulations.

6. Any violation of these rules and regulations may be notified by the Administrator to the District Attorney of the appropriate district, who will proceed, if so directed by the Attorney General, to bring a criminal action for such violation.

NOTE: There are and have been various types of Public Works Administration (popularly known as P.W.A.) projects. (See Items 80 and 89 of this volume.)

1. Federal Projects. These are projects of construction carried on by the various Federal departments and agencies themselves by direct allotments of funds. Originally most of the activity of P.W.A. was on these projects.

They included such undertakings as educational buildings, hospitals, flood control, river and harbor improvements, public buildings, sea coast defences, reclamation projects, boundary maintenance work, range beacons, vessels, reconditioning boat-houses and bridges, lifesaving

stations, post offices, dams, improvements to landing fields, channel deepenings and dredging, bridge construction, water conservation, control of tree-destroying diseases and insects, national forest road and trails. There were 15,901 of such Federal projects distributed through every State in the Union. As of November 1, 1937, the amount of allotments for these purposes was \$1,561,380,562.

Practically all of the Federal Projects have been completed.

2. Non-Federal Projects. These are projects undertaken by municipalities, or other local public bodies, which receive assistance by gift or loans or both from P.W.A. for the cost thereof.

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They have constituted, and still constitute, the greatest bulk of the activities of P.W.A. Tunnels, schools, court houses, hospitals, sewerage plants, roads, auditoria, armories, penal institutions, bridges, power plants—all have been undertaken with the dual result of employing thousands in useful work and adding important capital assets to the Nation.

About 70 percent of all the new school building construction in the United States has been financed in part by P.W.A. money. About 62 percent of all hospital construction in the four-year period since P.W.A. was started, and 64 percent of all waterworks projects were made possible by P.W.A. As of November 1, 1937, total allotments have been made for 10,569 non-Federal projects—covering every State and almost every county at a cost which will reach an estimate of \$2,756,270,346, for which allotments of loans and grants total \$1,656,705,637 as of November 1, 1937.

Since the enactment of the Emergency Relief Appropriation Act of 1935, most of the P.W.A. activity has been confined to these non-Federal projects rather than Federal ones.

Under the terms of N.I.R.A., P.W.A. could make a grant not to exceed 30 percent of the cost of labor and materials employed on a non-Federal project, the rest to be furnished by the city or locality, or other public body sponsoring the project. Under a later act (Emer-

gency Relief Appropriation Act of 1936) the amount of allowable grant was raised to 45 percent. Loans are made only after careful study of legal and financial responsibility.

3. Housing Projects. Included among the various types of public works projects, authorized by Title II of the National Industrial Recovery Act, was the "construction, reconstruction, alteration, or repair under public regulation or control of low-cost housing and slum-clearance projects." The inclusion of this provision in the National Industrial Recovery Act indicates that, even in a time of great economic depression, the Congress recognized the need of solving the acute social and economic problem of bad housing and congested slums. The seriousness of this housing problem appears from the surveys made throughout the country, showing the widespread existence of slum and bad housing conditions and the harmful social and economic consequences of such conditions.

Pursuant to this mandate from the Congress, the Housing Division was created in June, 1933, as an adjunct to the Public Works Administration. The purpose of the Housing Division was to undertake a program to relieve unemployment through the construction of projects for slum-clearance, and the housing of persons of low income who were forced to live in unsafe, unsanitary and congested dwellings.

In undertaking a public housing program, the five principal objec-

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tives and policies of the Housing Division were: First, to deal with the unemployment situation by giving employment to workers, especially those in the building and heavy industry trades; second, to furnish decent, sanitary dwellings to those whose incomes are so low that private capital is unable to provide adequate housing within their means; third, to eradicate and rehabilitate slum areas; fourth, to demonstrate to private builders and the public at large, the practicability of large-scale community planning; fifth, to encourage the enactment of necessary State-enabling housing legislation so as to make possible an early decentralization of the construction and operation of public housing projects.

It is estimated that the Federal housing projects undertaken by the Public Works Administration will provide 21,771 dwelling units (over 76,000 rooms), and that housing will be furnished to an estimated total of 87,000 persons.

The Public Works Administration commenced its low-rent housing program by making loans to private limited-dividend corporations. Hundreds of applications for such loans were filed with the Housing Division, and 533 were examined by the Division, involving an estimated cost of over a billion dollars. A total of only \$10,403,390 was allotted, however, for seven projects of this character, all of which have been constructed and are now in operation.

The reasons for the disqualifications of the remaining limited-dividend applications were many, such as: high land values; obvious promotion schemes; absence of social significance to the proposed projects; inconsiderable employment involved; and absence of real equity in the contemplated projects.

Although these projects were successful from the standpoint of increasing employment and relieving the general housing shortage, and are operated without vacancies, the Public Works Administration soon realized that a *public* housing program was necessary in order to achieve rents which would be within the reach of the families of low income whose need for housing is greatest. (See also Item 171, this volume.)

In undertaking public housing projects, the Public Works Administration could give the tenants therein the benefit of a 45 percent capital grant; and the item of profit was entirely eliminated in the operation of such projects. Because of these and other reasons, it was possible to have lower rentals in public housing projects than those that could be achieved in projects of limited-dividend companies. In February, 1934, the policy of making allotments for limited-dividend companies was therefore terminated, and the P.W.A. commenced its program of direct Federal construction of housing projects.

Due to the general absence in February, 1934, of adequate State

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laws authorizing local public bodies to engage in housing activities, the Public Works Administration turned to the only method then available to it for undertaking projects to relieve unemployment and to meet the housing needs of the low-income group, namely, direct Federal construction. A total of fifty-one Federal housing projects has been undertaken. These projects are located in thirty-six cities in twenty-one States, and in Puerto Rico and the Virgin Islands. It is expected that a total of forty-three projects will have been completed this year (1937), and that the remaining eight projects will be finished early in 1938.

Unfortunately for this program of direct Federal construction, a decision was rendered in July, 1935, by the Sixth Circuit Court of Appeals (*United States vs. Certain Lands in the City of Louisville*, 78 Fed. (2), 684) holding that the Federal Government lacked the power to exercise the right of eminent domain in acquiring sites for slum clearance and low-rent housing. The Housing Division had to undertake projects, therefore, only where the land could be acquired by purchase; and this resulted in abandoning many projects intended for slum areas.

The Housing Division established certain standards for the fifty-one Federal projects which it has undertaken. Under these standards, every dwelling has cross-ventilation, with adequately sized rooms and win-

dows. Every dwelling has running water, an indoor water-closet, provision for bathing, and some means of heating water. Where the climate necessitates, every project has heating equipment. In connection with each project, space is provided where children may play, safe from the dangers of the public streets. In order to assure adequate protection against fire, the projects are of fireproof or semi-fireproof construction, the majority of the projects being of fireproof construction.

The number of people who live in a dwelling is also a vital factor affecting the health and welfare of its inhabitants. To avoid overcrowding, the Housing Division has prescribed proper standards fixing the maximum number of persons who may live in specified numbers of rooms.

Since it is generally more economical to construct and operate group houses or apartments than it is to construct single-family houses, all of the Federal projects consist of multiple dwellings.

Since the Housing Division has viewed the construction and operation of projects from a long-range standpoint, it has endeavored to employ that type of construction which will prove most economical in the long run with due regard not only to original cost, but also to operating costs. The object of a public housing program is to achieve the lowest possible rents. To this end, it is necessary to employ that method of construction which will permit

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the lowest aggregate expenditures in each year for *both* the original cost and the operation and maintenance of the project.

In the construction of its projects, the Housing Division has always required the payment of prevailing wages to all labor employed upon the project.

After the construction of these housing projects is completed by the Federal Government, the projects are to be operated for the benefit of those who now live under slum and bad housing conditions and cannot afford to obtain adequate privately owned dwellings.

That was always the intention of the legislation. Early in 1936, however, the Comptroller General ruled that the Public Works Administrator could not grant any subsidy in fixing the rents on these projects and that the full economic rent would have to be charged. This would have made it impossible to make these dwellings available to the low-income group. To meet this situation Congress enacted the George-Healey Act (Pub. No. 837, 74th Congress; 49 Stat. 2025). This Act permitted the Public Works Administrator to fix rentals at an amount at least sufficient to pay all necessary and proper administrative expenses of the project, together with such sums as will repay at least 55 percent of the initial cost of the project, within a period of not exceeding 60 years.

In accordance with this law, no family is accepted as a tenant in

any of these projects unless it lacks sufficient income to live in adequate privately owned dwellings without overcrowding. Furthermore, the George-Healey Act provides that no family shall be accepted as a tenant whose aggregate income exceeds five times the rental of the quarters.

Under this policy of operation, the tenants in the housing projects of the Public Works Administration have come from the low-income group. Every family which the Housing Division accepts as a tenant is carefully checked to determine that the family has been living in unsafe, unsanitary or congested dwellings and could not otherwise afford to obtain adequate housing in the community. The average income of the families who occupy the first five projects is \$954 per year. The lowest average family income for any of these projects is \$765, and the highest average family income is \$1,130. These figures represent the total annual income of all the members of the family who occupy a dwelling unit.

Rents are also affected by the amount of assistance given by local governments. Such aid may take the form of donations of property; the providing of parks, playgrounds or recreational facilities adjacent to a project; the providing of streets, alleys and sidewalks, without assessment or with a reduced charge in lieu thereof; and the furnishing of other improvements, services and facilities, either without charge or at a charge less than the prevailing one.

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Such local aid decreases the capital cost and the operating expenses of a project so that lower rentals can be charged in the project. Many of the municipalities in which projects are located have extended various forms of aid of this character.

The Public Works Administration has recognized that direct Federal construction was only a temporary expedient, and that the responsibility for the construction and operation of housing projects must ultimately rest with the States and the local governments, with the Federal Government providing necessary assistance. Until local housing authorities could be established, the Administrator of Public Works selected groups as advisory committees to aid him in undertaking projects in conformity with local needs.

Meanwhile, the Federal Government has encouraged the enactment of State legislation which would enable the creation of local housing authorities with power themselves to finance, construct and operate housing projects. Such qualified local housing authorities would also be in a position to take over the operation of the projects constructed by the Federal Government. With respect to the projects which it has constructed, the Housing Division intended to relinquish responsibility and control to local housing authorities as soon as they are qualified to act. Only where qualified housing authorities were lacking did the Housing Division expect to continue the direct operation of proj-

ects beyond an initial experimental period.

In December, 1934, I advised the Governor of every State that the services of the Legal Division of the Public Works Administration would be made available to assist in the preparation of State legislation which would make it possible for municipalities to undertake and finance housing projects, as well as other public works projects. As a result, the Public Works Administration prepared drafts of housing bills which were submitted for the consideration of the Governors of the States from time to time. Largely as a result of these efforts of the Public Works Administration, thirty States now (November, 1937) have public housing authority laws empowering local public bodies to finance, construct and operate slum-clearance and low-rent housing projects.

On October 27, 1937, I issued Executive Order No. 7732 pursuant to the United States Housing Authority Act of 1937 (Pub. No. 412, 75th Congress). This Order transferred all the projects of the Housing Division of the Public Works Administration to the United States Housing Authority.

4. **Railroad Projects.** There have been thirty-two railroad projects, involving the expenditure of more than \$200,000,000. Innumerable pieces of equipment have been purchased, lines of the railroad have been rehabilitated and work has been created through this type of project for idle thousands. New

Typical Approval of a Code

streamlined, lightly constructed high-speed trains have been made possible, all of which have set new standards in speed and comfort. Obsolete equipment was replaced or reconditioned, new rails were fabricated, and railroad shops began to

hum again. One of these railroad loans resulted in the completion of railroad electrification from New York to Washington, bringing these great cities more than an hour closer.

118 ¶ A Typical Presidential Approval of an N.R.A. Code. Executive Order No. 6254.

August 19, 1933

AN APPLICATION having been duly made, pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a Code of Fair Competition for the Iron and Steel Industry, and hearings having been held thereon and the Administrator having rendered his report together with his recommendations and findings with respect thereto, and the Administrator having found that the said Code of Fair Competition complies in all respects with the pertinent provisions of Title I of said Act and that the requirements of clauses (1) and (2) of subsection (a) of Section 3 of the said Act have been met:

NOW, THEREFORE, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do adopt and approve the report, recommendations and findings of the Administrator and do order that the said Code of Fair Competition be and it is hereby approved.

FRANKLIN D. ROOSEVELT

Approval Recommended:
Hugh S. Johnson, *Administrator*

119 ¶ The Golden Rule in Government — An
Extemporaneous Address at Vassar College,
Poughkeepsie, N. Y. August 26, 1933

Dr. MacCracken, my old friends and all neighbors of old Dutchess:

I AM glad that Dr. MacCracken referred to introducing Dutchess County to the United States.

I think it is a very fine idea, but as a matter of fact, way back in the old days, when I ran at another time on the national ticket in 1920 and began to know the United States, one of the amazing things to me was that there was hardly a State west of Ohio, clear on out to the Pacific, where I did not meet somebody in the crowd, or at the luncheon or at the banquet, who would come up to me and say: "My family came from Dutchess County in the old days."

Dutchess County has spread all over the United States; and the influence of the fine old stock that we have raised here is being felt in our American citizenship in every part of the country.

I want to go back for a minute to the old days before I got to know the United States. It is, I think, just twenty-three years ago that I chanced to be in Poughkeepsie on a Saturday morning in August—a very hot Saturday morning.

In front of the court house I ran across a group of friends of mine. As I remember, they were Judge Morschauser, George Spratt, John Mack and Judge Arnold. I had only intended to stay in town for a few minutes to do some errands, but they kidnapped me—one of the first cases of deliberate kidnapping on record—and took me out to the policemen's picnic in Fairview.

On that joyous occasion of clams and sauerkraut and real beer I made my first speech, and I have been apologizing for it ever since.

And also on that same occasion I started to make the acquaint-

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ance of that part of Dutchess County that lies outside of the town of Hyde Park.

And I continued to make that acquaintance all through the campaign that year, although in August I hadn't the foggiest idea that I was going to run for the State Senate; and it was only because another band of kidnappers kidnapped me that I got into public life at all.

For I had to talk, and I was given the opportunity of making the acquaintance of a county.

And today, as I drive along a beautiful concrete highway, or one of the new county roads, I see in my mind's eye that same road as it existed in the autumn of 1910 as I proceeded over it at the dangerous pace of about twenty-two miles an hour in Mr. Hawkey's old red Maxwell, without any front windshield, without any top—an old Maxwell that when we met a horse or a team—and that was about every half mile or so—we had to stop, not only the car, but the engine as well.

All through all those succeeding years the friendships that we began at that time have deepened, and, as you know, in spite of absences in Washington and in Albany, I come back to the county on every possible occasion with a true feeling that it is home and that I am once more among my neighbors.

I get the local papers down in Washington, and judging by them I can say that during these recent months I have taken deep satisfaction in the fine spirit of understanding with which the people of my home county have gone along with the great national effort to set our national house in order.

In former days in this State and in other places we have seen something of the same performance in the fields of local government.

Here and there, in spots that are altogether too rare, there is a town or a city or a county or even a State that has, through the interest of its own citizenship, become conscious of the fact that under the old order the social, economic or political life of the community was drifting down hill either through lack of

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action or through adherence to old rules promulgated to fit conditions of a bygone age.

In such cases, aroused citizens have chosen new public servants or have changed the form of conducting their local affairs to the advantage of the community, without destroying the principles of self-government that are inherent in our American civilization.

You and I know that history in this State and elsewhere gives us many local examples of that. In a sense, this arousing of people's interest is what has occurred throughout the country in this year 1933; and it has made itself felt in the national capital.

I think it is the first time in our history that the Nation as a whole, regardless of party, has approved such drastic changes in the methods and forms of the functions of government without destroying the basic principles.

Perhaps I can best illustrate the change that I am talking about by putting it this way—that we have been extending to our national life the old principle of the local community, the principle that no individual, man, woman or child, has a right to do things that hurt his neighbors.

And this being neighbors' day, I think we can properly emphasize that word.

Many centuries ago, as you know, it was the principle of the old English common law—nearly 1,000 years ago, and its development has been constant and consistent—to be fair to one's neighbors and not do things that hurt them.

In the old days, when there were only agricultural communities, it was unfair, for example, to our neighbors to allow our cattle to roam on our neighbors' land. We were told we had to fence in our cattle.

And then when we got into great cities it became unfair to maintain, let us say, a pigsty on Main and Market Streets.

As this principle was extended, it became unfair to our neighbors if we—any individual or association of individuals—sought to make unfair profits from monopolies in things that everybody

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had to use, such as gas and electric lights and railroad tickets and freight rates and things of that kind.

Still later on, it became uniformly accepted throughout the country, almost, that it was not fair to our neighbors to let anybody hire their children when they were little bits of things, when they ought to be at school, and especially that it was unfair to hire them at pitiful wages and with long hours of work.

Many years ago we went even further in saying that the Government—State Government or national Government—would have the right to impose increasing taxes on increasing profits because of a simple principle that very large profits were made at the expense of neighbors and, therefore, should at least to some extent be used through taxes for the benefit of the neighbors.

Now the extension of the idea of not hurting our neighbors is recognized today as no infringement on the guarantee of personal liberty—personal liberty to the individual.

For example, it is no more a restriction to tell a man that he must pay adequate wages than it is to tell that man that he must not hire child labor, or that he must not maintain a nuisance against his neighbors.

I think it is within this understanding of the deeper purposes of things today that the National Recovery Act we have heard so much about is proceeding, and that that Act is being accepted by the people of the country with the understanding of what it is all about.

Of course, it is true that your Government in Washington hopes that the building up of wages that are too low, that are starvation wages, and the shortening of hours of work, hours that are too long, in every part of the Union, will result in a greater distribution of income and wages and will thereby increase the number of people in this country that can be employed.

It is true that we in Washington are seeking definitely to increase the purchasing power of the average American citizen and, therefore, of the Nation as a whole.

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It is also true, I think, that we are definitely succeeding in this purpose and that the down-hill drift of America has definitely turned, and has become the upward surge of America.

Now, my friends, that is a matter of dollars and cents. But it is also true that the people, through government, are insisting as a permanent part of American life—not just for one year or two years—that individuals and associations of individuals shall cease doing many things that have been hurting their neighbors in bygone days.

We are engaged today, as you know—not just the Government in Washington, but groups of citizens everywhere—in reviewing all kinds of human relationships, and in making these reviews we are asking an old question in a new form. We are saying, “Is this practice, is this custom, something which is being done at the expense of the many?”

And the many are the neighbors. In a national sense the many, the neighbors, are the people of the United States as a whole.

Nationally, we must think of them as a whole and not just by sections or by States.

We cannot give special consideration to the people of the North if, in so doing, it will not result in good to the people of the South or the West.

We cannot give special privileges to those who farm one particular crop if the giving makes things more difficult for those who farm some other crop.

We cannot single out one industry at the expense of others.

The national Government must, of course, think in national terms, but your responsibility, your interest in national Government ought not to stop there. The greater part of government, as it affects your daily lives and mine, is your local government.

The opportunity in this field of local government for improvement, for a betterment that will be felt in your lives, is just as great as it is in Washington.

When I was Governor of the State for four years I used to do a good deal of talking about local government, and just as long

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as I live, whether I am in Washington or Dutchess County, I am afraid I shall not be able to get over the habit.

I used to tell people that we have in this State more than 13,000 local units of government. You were all interested; but I did not notice that you did anything about it.

I used to tell people when I was Governor about the fact that there were over 950 highway departments in the State of New York. You were interested, but I did not notice that you did much about it.

I talked to you about the six or eight different layers of government that you lived under, Federal, State, county and town, electric-light district, sewer district and fire-department district, etc.—even sidewalk district and I don't know how many other kinds of districts—and about how you were paying taxes in all of them.

But we have not done much yet along that line. We have not done much to reorganize in our local government what you and I know to be an outworn system built up in the days of the ox-cart and unchanged in the days of the automobile.

Some day—because I have always been an optimist, I believe it will occur during our lifetime—some day the people of the State of New York and the county of Dutchess will do something about it.

But I tell you that nothing will be done about it unless you make your representatives—your representatives on town boards and county boards and in the State Legislature—do something about it. And if they will not do it, substitute other representatives for them.

When I say that, I am not talking Democratic politics, I am talking straight Dutchess County Americanism.

May I add that both of the old parties in the county and in the State have been very largely to blame for not giving you people any action? I think you can make them take action—both parties.

That all ties in with the old theme of good neighbors. If we have in our Government things that do not work out well for the neighbors, things that redound to the advantage of just a few

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people who run the Government and redound to the harm of the voters who do not run the Government except by going to the polls on election day, the only improvement that we can make must be an improvement that will help the neighbors. It all ties in together, and I believe that the people of this country have been taking more interest in the problems of their own Government, because it is theirs, than ever before in history.

More men and more women are taking an individual, a personal, interest in all the problems—the social relations and economic and political problems—than ever before in the history of the Nation, and I hope that that interest will be extended to the problems of the local government as well.

It seems to me very fitting that I should emphasize to you, my neighbors, neighbors of my own home county, this thought—that what is good for my neighbors is good for me, too.

It is very delightful to be able to establish the Summer White House in one's own home, without having to go to a strange house.

It is very delightful to have that home within easy striking distance of Washington. It is very delightful to be able to come there any time that the Administration and the Congress allow me to, and find my mother holding the fort.

It is not only very delightful and a great relaxation to come to a party like this, but it does, frankly, help to restore one's sense of perspective. And when people get near-sighted by being too close to the Government job day in and day out, their efficiency and value as public servants begin to falter.

Just before I came in here the President of the Dutchess County Society gave me a very beautiful N.R.A. emblem to put on my coat.

The only difficulty about my wearing it is that it is not quite honest, because I am afraid that I cannot allow the good people that work for me in the White House to abide by any N.R.A. code.

Our working day is just as long as it has to be. Sometimes it starts pretty early in the morning and very often it goes right

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straight through until the small hours of the next morning. That is one exception to the N.R.A. that I have to approve.

Outside of that there is a unity in this country which I have not seen and you have not seen since April, 1917, by which the American people are getting together behind the spirit of the N.R.A. and deciding in every community, in every State, that they are going to live by these principles, and that through its operation and through the operation of other great agencies of the Government which we have started, we are going to bring this country back to better times.

So, my friends, with my family I am grateful to have this opportunity of seeing you—all my neighbors. Bless you all.

120 ¶ Further Regulations on the Hoarding and Export of Gold, and on Transactions in Foreign Exchange. Executive Order No. 6260.

August 28, 1933

BY VIRTUE of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes," I, Franklin D. Roosevelt, President of the United States of America, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following provisions for the investigation and regulation of the hoarding, earmarking, and export of gold coin, gold bullion, and gold certificates by any person within the United States or any place subject to the jurisdiction thereof; and for the investigation and regulation of transactions in foreign exchange and transfers of credit and the export or withdrawal of currency from the United States or any place subject to the jurisdiction thereof by any person within the United States or any place subject to the jurisdiction thereof.

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Section 2. *Definitions.* As used in this Order the term "person" means an individual, partnership, association, or corporation; and the term "the United States" means the United States and any place subject to the jurisdiction thereof.

Section 3. *Returns.* Within fifteen days from the date of this Order every person in possession of and every person owning gold coin, gold bullion, or gold certificates shall make under oath and file as hereinafter provided a return to the Secretary of the Treasury containing true and complete information relative thereto, including the name and address of the person making the return; the kind and amount of such coin, bullion, or certificates held and the location thereof; if held for another, the capacity in which held and the person for whom held, together with the post-office address of such person; and the nature of the transaction requiring the holding of such coin, bullion, or certificates and a statement explaining why such transaction cannot be carried out by the use of currency other than gold certificates; provided that no returns are required to be filed with respect to

- (a) Gold coin, gold bullion, and gold certificates in an amount not exceeding in the aggregate \$100 belonging to any one person;
- (b) Gold coin having a recognized special value to collectors of rare and unusual coin;
- (c) Gold coin, gold bullion, and gold certificates acquired or held under a license heretofore granted by or under authority of the Secretary of the Treasury; and
- (d) Gold coin, gold bullion, and gold certificates owned by Federal Reserve Banks.

Such return required to be made by an individual shall be filed with the Collector of Internal Revenue for the collection district in which such individual resides, or, if such individual has no legal residence in the United States, then with the Collector of Internal Revenue at Baltimore, Maryland. Such return required to be made by a partnership, association, or corporation shall be filed with the Collector of Internal Revenue of the col-

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lection district in which is located the principal place of business or principal office or agency of such partnership, association, or corporation, or, if it has no principal place of business or principal office or agency in the United States, then with the Collector of Internal Revenue at Baltimore, Maryland. Such return required to be made by an individual residing in Alaska shall be filed with the Collector of Internal Revenue at Seattle, Washington. Such return required to be made by a partnership, association, or corporation having its principal place of business or principal office or agency in Alaska shall be filed with the Collector of Internal Revenue at Seattle, Washington.

The Secretary of the Treasury may grant a reasonable extension of time for filing a return, under such rules and regulations as he shall prescribe. No such extension shall be for more than forty-five days from the date of this Executive Order. An extension granted hereunder shall be deemed a license to hold for a period ending fifteen days after the expiration of the extension.

The returns required to be made and filed under this Section shall constitute public records; but they shall be open to public inspection only upon order of the President and under rules and regulations prescribed by the Secretary of the Treasury.

A return made and filed in accordance with this Section by the owner of the gold coin, gold bullion, and gold certificates described therein, or his duly authorized agent, shall be deemed an application for the issuance under Section 5 hereof of a license to hold such coin, bullion, and certificates.

Section 4. *Acquisition of gold coin and gold bullion.* No person other than a Federal Reserve Bank shall after the date of this Order acquire in the United States any gold coin, gold bullion, or gold certificates except under license therefor issued pursuant to this Executive Order, provided that member banks of the Federal Reserve System may accept delivery of such coin, bullion, and certificates for surrender promptly to a Federal Reserve Bank, and provided further that persons requiring gold for use in the industry, profession, or art in which they are regularly engaged may replenish their stocks of gold up to an aggregate

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amount of \$100, by acquisitions of gold bullion held under licenses issued under Section 5(b), without necessity of obtaining a license for such acquisitions.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the acquisition of

- (a) Gold coin or gold bullion which the Secretary is satisfied is required for a necessary and lawful transaction for which currency other than gold certificates cannot be used, by an applicant who establishes that since March 9, 1933, he has surrendered an equal amount of gold coin, gold bullion, or gold certificates to a banking institution in the continental United States or to the Treasurer of the United States;
- (b) Gold coin or gold bullion which the Secretary is satisfied is required by an applicant who holds a license to export such an amount of gold coin or gold bullion issued under subdivisions (c) or (d) of Section 6 hereof, and
- (c) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession, or art by an applicant regularly engaged in such industry, profession, or art, or in the business of furnishing gold therefor.

Licenses issued pursuant to this Section shall authorize the holder to acquire gold coin and gold bullion only from the sources specified by the Secretary of the Treasury in the regulations issued hereunder.

Section 5. *Holding of gold coin, gold bullion, and gold certificates.* After thirty days from the date of this Order no person shall hold in his possession or retain any interest, legal or equitable, in any gold coin, gold bullion, or gold certificates situated in the United States and owned by any person subject to the jurisdiction of the United States, except under license therefor issued pursuant to this Executive Order; provided, however, that licenses shall not be required in order to hold in possession or re-

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tain an interest in gold coin, gold bullion, or gold certificates with respect to which a return need not be filed under Section 3 hereof.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the holding of

- (a) Gold coin, gold bullion, and gold certificates, which the Secretary is satisfied are required by the person owning the same for necessary and lawful transactions for which currency, other than gold certificates, cannot be used;
- (b) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession, or art by a person regularly engaged in such industry, profession, or art or in the business of furnishing gold therefor;
- (c) Gold coin and gold bullion earmarked or held in trust since before April 20, 1935, for a recognized foreign Government or foreign central bank or the Bank for International Settlements; and
- (d) Gold coin and gold bullion imported for reexport or held pending action upon application for export licenses.

Section 6. *Earmarking and export of gold coin and gold bullion.* After the date of this Order no person shall earmark or export any gold coin, gold bullion, or gold certificates from the United States, except under license therefor issued by the Secretary of the Treasury pursuant to the provisions of this Order.

The Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing

- (a) The export of gold coin or gold bullion earmarked or held in trust since before April 20, 1933, for a recognized foreign Government, foreign central bank, or the Bank for International Settlements;
- (b) The export of gold, (i) imported for reexport, (ii) refined from gold-bearing materials imported by the applicant

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- under an agreement to export gold, or (iii) in bullion containing not more than five ounces of gold per ton;
- (c) The export of gold coin or gold bullion to the extent actually required for the fulfillment of a contract entered into by the applicant prior to April 20, 1933; but not in excess of the amount of the gold coin, gold bullion, and gold certificates surrendered by the applicant on or after March 9, 1933, to a banking institution in the continental United States or to the Treasurer of the United States; and
 - (d) The earmarking for foreign account and/or export of gold coin or gold bullion, with the approval of the President, for transactions which the Secretary of the Treasury may deem necessary to promote the public interest.

Section 7. *United States Possessions—Shipments thereto.* The provisions of Sections 3 and 5 of this Order shall not apply to gold coin, gold bullion, or gold certificates which are situated in the Philippine Islands, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States, and are owned by a person not domiciled in the continental United States. The provisions of Section 4 shall not apply to acquisitions by persons within the Philippine Islands, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States of gold coin or gold bullion which has not been taken or sent thereto since April 5, 1933, from the continental United States or any place subject to the jurisdiction thereof.

Section 8. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States, by any person within the United States; and the

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Secretary of the Treasury may require any person engaged in any transaction referred to herein to furnish under oath complete information relative thereto, including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person either before or after such transaction is completed.

Section 9. The Secretary of the Treasury is hereby authorized and empowered to issue such regulations as he may deem necessary to carry out the purposes of this Order. Such regulations may provide for the detention in the United States of any gold coin, gold bullion, or gold certificates sought to be transported beyond the limits of the continental United States, pending an investigation to determine if such coin, bullion, or certificates are held or are to be acquired in violation of the provisions of this Executive Order. Licenses and permits granted in accordance with the provisions of this Order and the regulations prescribed hereunder, may be issued through such officers or agencies as the Secretary may designate.

Section 10. Whoever willfully violates any provision of this Executive Order or of any license, order, rule, or regulation issued or prescribed hereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

Section 11. The Executive Orders of April 5, 1933, Forbidding the Hoarding of Gold Coin, Gold Bullion and Gold Certificates, and April 20, 1933, relating to Foreign Exchange and the Earmarking and Export of Gold Coin or Bullion or Currency, respectively, are hereby revoked. The revocation of such prior Executive Orders shall not affect any act done, or any right accruing or accrued, or any suit or proceeding had or commenced in any civil or criminal cause prior to said revocation, but all liabilities under said Executive Orders shall continue and may be enforced in the same manner as if said revocation had not been

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made. This Executive Order and any regulations or licenses issued hereunder may be modified or revoked at any time.

NOTE: The foregoing Executive Order further regulated and redefined the conditions under which holding, "earmarking" and export of gold coin, gold bullion, and gold certificates, and transactions in foreign exchange could be carried on. It required certain information returns to be filed by persons in possession of gold coin, gold bullion and gold certificates. It took the place of Executive Orders of April 5th, No. 6102 (see Item 33, this volume) and April 20th, No. 6111 (see Item 42, this volume), both of which it revoked. It was amended by Executive Order No. 6556 of January 12, 1934.

The next day I issued Executive Order No. 6261, permitting the sale to industry and abroad of domestic newly mined gold under certain regulations of the Secretary of the Treasury. It will be recalled that the previous Executive Orders dealing with gold, restricted transac-

tions in gold, and particularly gold exports. The result of this was that the markets of the world had been closed to the domestic gold-mining industry. Since the Administration's efforts to raise commodity prices were meeting with success, and other American exporters were finding that their world markets were expanding, it was felt to be appropriate that provision should be made so that American gold-mining interests could obtain the benefits of world gold prices. It was at the same time necessary, however, that the Government's control of the gold market should be maintained. This Executive Order therefore provided for the receipt by the Treasury, on consignment for sale, of gold mined in the United States. Sales were to be made "at a price which the Secretary shall determine to be equal to the best price obtainable in the free gold markets of the world."

121 ¶ A Request for the Cooperation of Bankers in the Extension of Credit. August 30, 1933

(Read at the Fifty-ninth Annual Convention of the American Bankers' Association, September 5, 1933.)

I WELCOME the opportunity to send a message to the members of the American Bankers' Association, assembled for their fifty-ninth annual convention. I express my sincere appreciation of

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the cooperation of many bankers in what we have accomplished thus far toward national recovery. We are counting heavily on your assistance as we forge ahead.

I know that events of the past half year have brought to all of us a keen sense of the important part which a banking system plays in our lives. Six months ago the first of the great obstacles which faced this Administration was the lack of confidence in banks. The situation had become so serious that no other step could be taken until this difficulty had been met. There had been such a rush to turn bank deposits into currency or gold that even the soundest banks could not get enough currency to meet demands.

The banks of the country cooperated immediately with the measures which we found it necessary to take. The banking holiday and the Emergency Banking Act brought splendid results. Both bankers and depositors faced in good spirit the hardships which these measures entailed and by the end of March the major part of the banking facilities of the country were operating. Since that time steady progress has been made in liquidating banks which could not be recognized or reopened and in rebuilding those which had not been weakened beyond repair. At the same time, we have been accomplishing the objective we set for ourselves that losses of savings be kept at a minimum.

I do not mean to suggest that the task is finished. We have before us continuing duties for bankers, depositors and the Government in the development and maintenance of the highest standards in bank organization and management. The work of your association will be important in supplementing what is accomplished by government supervision. The need for your services is greater today than ever before.

We still have much to accomplish in making credit facilities adequate for the national recovery we are bringing about. The banks must play an important part in making increased loans to industry and commerce.

After a period of drastic liquidation such as we have experienced, it requires unusual courage and judgment to appraise se-

Bon Voyage to Admiral Byrd

curity and to extend credit. The vital importance of helping the wheels of industry to turn by putting savings to gainful use must receive increasing and immediate attention.

Loans can and will be made. I want you to know that we rely on your organization for its cooperation in furthering the free flow of credit so essential to business enterprises, whether they be large or small. Only if this is done can employers do their full part in the great recovery program now under way.

Never before in its history has this Nation had greater need of courageous bankers. I am relying on them for prompt realization of the changes now taking place in general conditions and of their part in the revival of economic activities and the increased employment of workers. I am confident that you will work with me to meet the credit needs of industry and trade.

122 ¶ Bon Voyage to Admiral Byrd's Antarctic Expedition. September 7, 1933

My dear Dick:

I am delighted that you have had the faith to go ahead with this scientific expedition to the Antarctic Continent and that you have definitely set the date of departure for September 25th.

It is because you and I are such old friends, and because I have followed so closely your three previous expeditions, that I expect to keep in close touch with your new expedition.

I realize the importance of your excellent preparations for scientific discovery, and the fact that you will make a detailed survey of a large area of new continent previously unexplored. It is worth while to serve twelve branches of science.

I am especially interested in the exhaustive study of weather on the Antarctic Continent—a territory in the clutches of the ice age, and a weather maker for the greater part of the South American Continent. Your weather observations will undoubtedly be of great importance to South America and to the scientific knowledge of world weather conditions.

"The Whole of the Picture"

From a sentimental point of view I am delighted that you are using the famous old Coast Guard revenue cutter *Bear*, and I wish much that I could see you and the expedition off when you sail.

I want you to feel that on your expedition you have the full support of the United States Government and that you can call on the Government in case of need or emergency.

When you reestablish the post office at Little America be sure to send me a letter for my stamp collection.

Good luck to you and all of your associates and crews.

Always sincerely yours,

Rear Admiral Richard E. Byrd,
9 Brimmer Street,
Boston, Mass.

123 ¶ "The Whole of the Picture." An Extemporaneous Address before the 1933 Conference on Mobilization for Human Needs.

September 8, 1933

Mr. Secretary of State, and you who are the leaders in this cause for the alleviation of human need:

I HAVE been somewhat occupied during the past forty-eight hours with human needs in other parts of the world, outside of our own country — occupied in the hope that the United States would not have to act outside of its own quarters, in the hope that another Republic will be able to solve its own difficulties just as we are seeking to solve our difficulties. And, so, I have no set speech to deliver to you today.

I want to talk to you very simply and very briefly in regard to what might be called "The Whole of the Picture." You are not the whole of the picture and neither am I, but the Nation is.

"The Whole of the Picture"

Our task, I think, is to complete the whole of the picture and not leave any unfinished portion thereof.

As you know, the many Governments in the United States, the Federal Government, the forty-eight State Governments, and the tens of thousands of local Governments are doing their best to meet what has been in many ways one of the most serious crises in history. On the whole, they have done well. The Federal Government cannot, by any means, accomplish the task alone. The Government has, during these past months, entered into many fields of human endeavor that it has never participated in before.

I believe we Americans do not wish to see a permanent extension of purely Government operations carried to the extent of relieving us of our individual responsibilities as citizens, and it is with that thought in mind that very early in this Administration we laid down in regard to one portion of this great picture a somewhat simple rule.

When we came to the problem of meeting the emergency of human needs, we did not rush blindly in and say, "The Government will take care of it." We approached it from the other angle first. We said to the people of this country, "When you come to the problem of relief, you face the individual family, the individual man, woman and child who lives in a particular locality and the first objective and the first necessity are that the citizens of that community, through the churches, the community chest, the social and charitable organizations of the community, are going to be expected to do their share to their utmost extent first."

Then we come to this second need or objective and that is the participation of local government in the additional need. We demand that local government shall do its share to the utmost, and then, if that is not sufficient, if those two features do not meet the needs, we come to the next unit, the State, and if that still is not enough, if the State has done everything it reasonably should do, then obviously the Federal Government must step in, because, while it isn't written in the Constitution,

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nevertheless, it is the inherent duty of the Federal Government to keep its citizens from starvation. Of course, in an organization of that kind, I suppose that there is a certain tendency to feel, "If we don't do it, the Federal Government will." Municipalities or counties feel, "If we don't do it, the State Government will," or a local organization, private organization, and individuals say, "Well, if we don't do it, the municipalities will." In other words, the tendency is to put the burden on somebody else with the general thought in the back of our heads, "if we don't do it somebody else will, and, in the last analysis, the kindness of Uncle Sam will see to it that we do not fail."

We have had a great many examples of late of areas in this country, areas which have not done their share and are coming, hat in hand to the Federal Government, and saying, "We want Federal relief." There have been States which have not done their share—States where the problems of relief have gotten mixed up with politics; legislatures that are thinking in political and not in human terms. There are municipalities which are going ahead with the spending of the taxes for political purposes and then find they haven't any money left for relief purposes.

I am glad to say that those individual cases are diminishing in number because the people of this country understand it, and are telling the Government bodies, local or State, that they have to "play ball" and not shirk.

There are a lot of cases which are so close to the border line of emergency that they do not belong to the normal relief problem.

Yesterday, the Governor of South Dakota came to my office with some extraordinary pictures of farm lands where grasshoppers had devoured everything down to the roots, where there isn't anything left for man or beast to eat. There many thousands of farmers are faced not just with the temporary problem of being helped out a little here and a little there, but with the fact that neither they nor their livestock have any chance of getting anything to live on until some time next summer. There is an emergency. We are going to try to take care of it as an emer-

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gency. It comes very close to the border line—where the Red Cross has to step in because it is a real disaster.

There are cases in some of the coal-mining sections of this country where families have been starving week in and week out over a long period of time and where the community or the State failed to do their share. These are not disasters in the same sense or with the same results as grasshoppers and floods.

The point I want to make is this: You have a very great opportunity, not merely to keep people from starving. You have a further opportunity of inculcating the understanding that we have to build from the bottom up—not merely to supply food from the top down. There will be a tendency this year in obtaining the wherewithal for local relief for people to say, "We can't do it." I believe they can do it, bigger this year and more generously, more successfully this year than they could last. Taking it by and large, the country is in a much more hopeful frame of mind. People have more money to spend and more time in which to do it. It isn't only the fact that a great many people have already been put back to work, the fact that people of property have been getting more from rents; there are fewer defaults on bonds and mortgages.

I believe today that you can go forth, in the spirit of the N.R.A., and work under it. You, of course, are going to work a great deal more than forty hours a week. I want to tell you that you are hereby absolved from the N.R.A. If you want to work seventy hours a week, go to it. The executive branches of the United States Government, and some of the other branches of the Government also are exempt.

I think you must go into this campaign with the right to expect greater success this year than last. Tell everybody that we are a little bit like the old railroad train that has to travel up a long grade. The first thing to do is to get that train started and the more we can accelerate the pace of that train, the more certain it is that it is going to get over the top. We have got the train started and it is running, let us say, twenty miles an hour.

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We must get that train to go forty miles an hour and then there is an assurance that it will go over the top.

All of this community-chest work, all of this uniting in the cause of meeting human needs, is based on that old word "co-operation." During the War when I was on the other side, the Prime Minister of England, Lloyd George, was lunching with me at the American Embassy one day and our Ambassador said something about our cooperation in winning the war. Lloyd George turned to me and said, "You Americans are inventive; you have imagination; will you please send word back home that the British Government will offer a prize of £10,000 to any American who will discover some other word to take the place of 'co-operation'?" No one has ever won the prize yet.

The point I wish to make is that there are a great many people in this country who are going to say, "Oh, I have given, I am helping through such and such an organization, through such and such an individual. Leave me out." There is no such thing as being left out. They can't be left out. They have to join you. Because, unfortunately, we know the frailty of a certain type of human nature that says something like that as an excuse for not doing his or her part.

The Government cannot get along without you. The Federal, State, local Governments can't. The whole period we are going through will come back in the end to individual citizens, to individual responsibility, to private organization, through the years to come. We are going to have unemployed throughout the United States and we know it. I hope, though, the time is going to come when Government will not have to give relief. I hope the time is going to come soon, when everybody who normally wants a permanent job is going to get it. And so I like to think of Government relief of all kinds as emergency relief.

Your work has a two-fold purpose. You are meeting the emergency and at the same time you are building for the future. Community chests are going to keep on just as long as any of us are alive—and a mighty good thing they are too.

I tell you very simply that you have a great responsibility on

Tribute to Ike Hoover

your shoulders and I know that you are going to fulfill it. You are going back to your States and your communities and give them this message from me: this work is an essential part of the Government's program, the program of the people of the United States to bring us back to where this country has a right to be. So, go to it, and make a record not only of money but a record of service of which we shall all be very proud.

NOTE: The Conference on Mobilization for Human Needs is an annual conference called for the purpose of inducing private philanthropy to take care of some of the needs of some of the destitute. I have addressed the Conference either personally or otherwise each year. In addition to the foregoing

personal address to the Conference, during 1933 I also made a radio appeal from the White House on October 15, urging citizens to contribute to this cause. Similar appeals and addresses for this purpose in the other years of my Administration are printed or referred to in the respective later volumes.

124 ¶ A Tribute to Ike Hoover, Chief Usher at the White House. September 14, 1933

As a young man during the Administration of President Theodore Roosevelt it was my good fortune to know Ike Hoover. The affection of those days lived through later years.

It was Ike who met me at the door when I came to make the White House my home. It was good to receive his welcome and during these months to have his help and devotion in official and family life.

In common with all others who knew him, his passing is a tremendous personal loss. All of our family are deeply distressed.

The Nation, too, has lost a true and faithful public servant who, during every Administration since that of President Harrison, has given of his best to his Government.

125 ¶ White House Statement Announcing Program to Feed Unemployed with Surplus Foodstuffs. September 21, 1933

THE President today announced a program to help correct one of the most flagrant maladjustments of American economic well-being. Through his action much of the oversupply of important foodstuffs and staples will be placed in the hands of the destitute unemployed who are living on the short shrift of public unemployment relief.

Following conferences with Secretary of Agriculture Henry A. Wallace, George N. Peek, Agricultural Adjustment Administrator, and Harry L. Hopkins, Federal Emergency Relief Administrator, the President announced that the Agricultural Adjustment Administration is preparing to make further purchases of surpluses for distribution by the Federal Emergency Relief Administration to the unemployed in the various States.

The announcement followed the recent allocation by Mr. Hopkins of 100,000,000 pounds of cured pork which had been processed recently from millions of hogs purchased from surpluses by the Agricultural Adjustment Administration. The meat will go to the various State Relief Administrations for distribution to the unemployed on their relief rolls.

Additional products under consideration for similar handling include, among others, beef, dairy and poultry products, and products of cotton and cotton seed.

There are approximately 3,500,000 families now on relief rolls throughout the country. It is known that even with recent improvements in relief administration resulting in higher standards of relief, the amounts of food and clothing given the destitute are still inadequate. On the other hand, in large part, because these millions of potential consumers are not able to purchase a normal amount of commodities, huge surpluses of basic food products are glutting the markets and making their production unprofitable to farmers.

Program to Feed Unemployed

By using funds of the Agricultural Adjustment Administration, supplemented by those of the Federal Emergency Relief Administration, and the nationwide network of State and local relief administrations for distribution, a real effort to bridge the gap between supplies and consumption will be made. In this way two major objectives of the Recovery Program will be promoted — feeding and clothing the unemployed more adequately and hastening the agricultural recovery.

It was emphasized that the commodities given the unemployed will be in addition to amounts they are now receiving, wherever they are now inadequate, for the purpose of giving them reasonable standards of sustenance. They will add to and not replace items of relief already provided.

In removing the surpluses from the market, carefully applied safeguards will forestall any disturbance of the regular channels of production, processing, and distribution.

The President said he considered the program arranged between the Agricultural Adjustment Administration and the Federal Emergency Relief Administration one of the most direct blows at the economic paradox which has choked farms with an abundance of farm products while many of the unemployed have gone hungry. He has directed the departments concerned to expedite in every possible way their combined attack on the food-surplus and hunger problems.

While this joint effort is being made to increase domestic consumption of surplus farm products, the Agricultural Adjustment Administration will intensify its program of preventing accumulation of farm surpluses so great that they cannot be consumed, but result only in ruinous prices to farmers, destroying purchasing power and aggravating rural and urban distress.

NOTE: One of the important activities of the A.A.A. (see Items 20 and 54 of this volume) was to remove a part of the farm products surpluses from the ordinary chan-

nels of competitive trade. It was done with F.E.R.A. funds (see Items 21 and 55 of this volume) through an arrangement with State relief agencies which distributed the sur-

Telegram to Mayors' Conference

pluses to needy persons on the relief rolls throughout the country.

In this way a part of the huge surpluses of farm products which were begging for markets was distributed to hundreds of thousands of people who were suffering from hunger or malnutrition. A proper system of production, distribution and exchange would have made both the surplus and the large number of hungry people impossible. This program served, at least, to ameliorate some of the distress which had come from the depression.

The program was sought to be executed in such a way that the purchase of these supplies would not interfere with ordinary sales in the free market, since the commod-

ities were given largely to persons who otherwise would not be able to buy them. Part of the purchases were made by the A.A.A. and part by the F.E.R.A. The A.A.A. purchased for relief purposes chiefly pork and dairy products which were among the basic commodities for the removal of which funds were available from the processing taxes. Other surplus agricultural products were bought by F.E.R.A., which also bought some of the so-called basic commodities.

It was determined to organize a separate corporation for greater efficiency in distributing these surpluses and the Federal Surplus Relief Corporation was created on October 4, 1933. (See Item 130, this volume.)

126 ¶ Telegram to Mayors' Conference Inviting Cooperation of Cities in P.W.A. Program.

September 21, 1933

MAY I SEND through you my personal greetings to the Mayors who are now assembled in Chicago? I hope that during your deliberations you will consider carefully the relationship of your municipalities to the recovery program of the Government. As you know, Congress appropriated three billions three hundred millions of dollars to finance a comprehensive program of public works. Approximately one billion six hundred millions of dollars have already been allocated out of this fund, mainly for Federal projects. The reason for these earlier allocations for Federal projects is easy to understand. Most of them had already been planned. The Federal Government was prepared to undertake

Congratulations to Negroes

them speedily and the projects themselves were widely scattered throughout the country. Moreover, funds could be allocated for Federal projects while the municipalities were preparing to submit local projects for the consideration of the Public Works Administration. We are at the point now where all municipalities that are interested in municipal projects and which want to cooperate to the fullest possible extent in the recovery program should come forward with their proposals. I want to assure you that after your projects have been passed upon by the State Advisory Boards and forwarded to Washington they will be acted upon here with a minimum of delay.

While no definite sum has been set up for allocation for State and municipal projects we have in mind approximately one billion seven hundred millions of dollars for that purpose. This amount is available for bridges, viaducts, water works, sewage disposal plants, schools, hospitals, penal institutions, municipal power plants and other works that may be desirable and necessary. We will match speed on your part with speed on ours. I wish you success in your deliberations and I especially hope that they will result in a stimulation of interest all along the line in our public works program.

Hon. James M. Curley,
Chicago, Illinois

(See Items 80, 89 and 117 of this volume.)

127 ¶ Congratulations to Negroes upon the Seventieth Anniversary of the Proclamation of Emancipation. September 22, 1933

I heartily congratulate the Negroes of the United States upon the seventieth anniversary of their emancipation. Their progress during these seventy years has been remarkable. They have contributed greatly to the economic development of the Nation and I am sure that as prosperity returns they will share propor-

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tionately in the greater security, increased comfort and happiness resulting therefrom.

128 ¶ A Plea for the Prevention of Accidents.

September 25, 1933

(Read at the Annual Convention of the National Safety Council, Chicago, Ill., October 6, 1933.)

My dear Mr. Banash:

The conservation of human life and the prevention of accidental injury are of vital importance to our welfare and happiness. While much progress has been made in accident prevention during the past two decades, particularly in the field of industry, there is still much that should be done.

We sacrificed 88,000 lives through accidents last year. Approximately 9,000,000 people were injured. The economic costs run close to two billion dollars. The social cost is immeasurable. Briefly stated, that is our national accident problem, and it certainly offers a most serious challenge to the American people.

I extend my cordial greetings and best wishes with the hope that you will find abundant inspiration for intensified efforts in all fields of human activities throughout the coming year.

Very sincerely yours,

Mr. J. I. Banash,
20 North Wacker Drive,
Chicago, Illinois

129 ¶ Extemporaneous Speech at the Hyde Park Methodist Episcopal Church. Cooperation from the Churches. September 29, 1933

It is true that I am here tonight as your friend and neighbor, but I have never thought of myself as a preacher. Perhaps the

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real cause of my presence is that once upon a time I was designated as the Official Historian of the Town of Hyde Park and, as such, know probably almost as much about the history of the Methodist Episcopal Church as the congregation itself does.

A few years ago I had the privilege of working with your pastor in compiling the records of this church and of the other churches in our Township. That kind of compilation was made necessary for the reason that in the old days, when our churches were founded, the only statistics relating to births and marriages and deaths were to be found in the registers of the several churches.

Unfortunately, of course, although our own Township dates back for nearly two hundred and fifty years, the religious life of this particular community did not begin in an organized way until after the Revolution. Before that time there wasn't any Hyde Park. There was a district of the County of Dutchess that was known as the Krum Elbow Precinct and across Krum Elbow Creek there was a country place that belonged to Dr. John Bard that was known as Hyde Park. But this community, until after the Revolution, went by various names, among others as De Cantillon's Landing and Stoutensburg's Store, and various other appellations.

In the pre-Revolutionary days, as far as the record shows, there was no religious life in this community, although it had been settled far back in the year 1698; that is to say, there was no religious life except for an occasional wandering Quaker preacher who came hither from Millbrook or Pine Plains and held a meeting perhaps once every three months or so over on what you and I know today as Quaker Lane. It was not until 1789 that the people in this community who belonged to various churches got together and decided that they ought to have a Meeting House; and thus in 1789 there was organized the Stoutensburg Religious Society, an association of men and women who wanted a place in which to worship. As a result, there was put up the first church and what afterwards became Hyde Park Building. I suppose it was a very tiny structure because it seated only forty-eight persons; but the interesting thing about that church in 1789 was that

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at the meeting of the people who organized it, a resolution was passed which said that the church shall be open to every good and well-recommended preacher and to every Christian society. In other words, it was a church for all of the divisions of the Protestant faith. There were not many Baptists here in those days, they tell us, but there were Methodists, there were Dutch Reform followers, there were Presbyterians and Protestant Episcopalians and, for a number of years, in fact for a whole generation, this entire community worshipped in this house of the Religious Society.

A generation later, in 1811, the Protestant Episcopal Church was organized; and then there came the Methodist Episcopal Church for which, as I remember the date, the first meeting was held in 1832.

As a result of that first meeting Mr. Albertson, for whom Albertson Street has been named — that was somewhat before I was born — gave the lot of land on which the first church building was erected in 1833. But even then they did not have the funds or the congregation was insufficient to have one preacher, as they called them in those days, and so they got what we call today a lay leader, whose name was Slack, Alonzo S. Slack. Before he became a pastor he came to the original church and conducted services every other Sunday. A little later on, when he had become a member of the Ministry, Mr. Slack came here as the first pastor of the church and he has been succeeded, as you and I know, by a long line of noble and unselfish men down to the present day.

My own association with this church goes back to a very, very early period, in the early eighties.

I remember one day, on my way home, I passed a little house that was occupied by that splendid old couple, Mr. and Mrs. John Clay, and Mrs. John Clay invited me in to give me a piece of gingerbread; and that was when I discovered that there was another church in the village besides my own. So Mrs. Clay was responsible for my first association with Methodism, and it was done with a piece of gingerbread.

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Through all these years I have seen this church grow in health and strength because, after all, back there in the eighties it was not nearly so important a factor in the life of the community as it is today.

I like to think also of the advent of other Churches in this Village from time to time — the Dutch Reform Church growing out of that original old Religious Society that was organized in 1789; this church; the Protestant Episcopal Church; the Baptist Church; and the Catholic Church. I like also to go back to the origins of religion in this community. Religion in those days, a hundred and fifty years ago, was a community affair; I am inclined to think that during the intervening time religion, to a large extent, ceased to be a community affair. When I was a boy, let us be quite frank, there was not the same association, the same teamwork, the same cooperation between churches in this community or of any other community that you and I find today.

It is not only the spirit of these times, but it seems to me that it is fundamentally a matter of common sense, that in our religious worship we should work together instead of flying off on different tangents and different angles, pulling apart instead of pulling together as a unified whole. During these latter years there has been a splendid change for the better in this regard. We find today the ministers of the different churches sitting amicably side by side on the same platform. More than that, we find them meeting with each other from time to time to try to help solve the community problems together.

Last spring, when I went to Washington, there were many people who came forward with the thought, verbally expressed, that the Government should take over all the troubles of the country, that we could, well, as we used to say in the old days, "Let George do it," and I began to think sometimes that my first name was George. After all, that is not exactly the American way of doing things. Some countries in the world may find it more convenient to put all their burdens on one person, but we do not. So I took the position then, and I think the country has understood the reasons for it, that the Government of the Nation

Cooperation from the Churches

has a responsibility, yes, but a responsibility which should be exercised only if the smaller units of the country have done everything that they possibly could and if that everything has proved insufficient.

Therefore, when we come, for example, to the question of relief, before extending Federal assistance to States or to communities, we ask the question: Have the people in this community done their share? Mind you, there are many ways in which a community can do its share. They can do it through their taxing powers. They can do it through their constituted authorities, the officials of the village or township. But also, they can do an enormous amount of work for the relief of suffering humanity through their churches. So the first question we ask, quite frankly, in every case, is whether the community has done its share through its officials and its churches. Then we ask the next question, if what the community has done was not enough, and if there is still unrelieved suffering. We ask whether the State has done its share as well. If the answer is in the affirmative and there is still help needed, then it becomes the duty of the Federal Government to see that nobody starves. That has been the principle which we are trying to extend to all the work of our Government, to see to it that every man and woman and, I might add, child has done his share toward the common good.

The churches are doing their share; and the men and women and children who make up the congregations of the churches have shown a splendid spirit in these days. It is an interesting fact that although the national income from 1929 down to the summer of this year fell off by a very large percentage, nevertheless the receipts of the churches of the American communities fell off by a much smaller percentage. In other words, we have faith in our churches and our churches have faith in us.

I am very happy to take part in the one hundredth anniversary of the Methodist Episcopal Church of Hyde Park. I, with you, am proud not only of its history, but of the splendid work that it has done in this community during the full century. I am happy in the thought that during the one hundred years that lie

Federal Surplus Relief Corporation

ahead of us, it is going to continue to do splendid work for the community, and that it is going to do that hand in hand with the other churches of the community. That is the kind of American spirit that is going to bring us over the top.

In closing, may I say one word: The problems which we all face — the problems of so-called economics, the problems that are called monetary problems, the problems of unemployment, the problems of industry and agriculture — we shall not succeed in solving unless the people of this country hold the spiritual values of the country just as high as they do the economic values.

I am very sure that the spirit in which we are approaching those difficult tasks and the splendid cooperation which has been shown, are going to be exemplified in the lives of all the people calling themselves Christians who believe in God and uphold the works of the Church.

130 ¶ White House Statement on the Formation of the Federal Surplus Relief Corporation.

October 1, 1933

THE President announced today he has instructed Harry L. Hopkins, Federal Relief Administrator, to take the leadership in prompt organization of a non-profit corporation, of which Mr. Hopkins is to become chairman, for the purpose of buying the necessities of life and distributing them among the needy unemployed. The President anticipates that in cooperation with Secretary Wallace and George Peek, the Agricultural Adjustment Administrator, the plan will be speedily worked out so as to result in an effective and combined attack upon the relief problem and upon surpluses of agricultural and other products which have been holding down farm prices.

The President has determined upon an emergency relief corporation as the most effective instrument for accomplishment, promptly and on a big scale, of this service to the unemployed and to farmers.

Federal Surplus Relief Corporation

In order to assure speed and effectiveness in the movement of huge supplies, the President has directed not only that the corporation be equipped with adequate funds but also that it should be given wide powers in the purchasing and distributing of surplus foods and other commodities. The President believes the corporation can be organized quickly and in such manner as to become the best agent for decisive action in the emergency.

Mr. Hopkins has canvassed with the President the relief situation in the country as a whole. The President is convinced that in many States relief allowances now made by State and municipal authorities are far from adequate, and must be substantially increased as rapidly as possible.

The President asserted that while farmers' buying power has increased to an encouraging degree, agricultural prices still remain substantially below the level needed to hasten the country on the road to economic recovery.

The new effort worked out by Mr. Hopkins and Secretary Wallace to make maximum use of surpluses that have been burdening the commodity markets is part of intensified plans to raise farm prices to economic levels. The Agricultural Adjustment Administration's efforts to control production of surpluses too great to be used are to be continued.

The President indicated details of the corporate form to be adopted for the relief corporation will be worked out in a few days.

The corporation will have powers to purchase directly from farmers, whenever desirable, in such a way as to carry out the purposes of the Agricultural Adjustment Act.

NOTE: The Federal Surplus Relief Corporation was organized as a non-profit, non-stock, membership corporation under the laws of Delaware, October 4, 1933, pursuant to powers granted in Titles I and II of N.I.R.A. The Corporation helped the F.E.R.A. in supplying food and

clothing to the unemployed, and helped the A.A.A. in removing farm surpluses. (See Item 125, this volume.)

The members of the Corporation were originally the Secretary of Agriculture, the Federal Emergency Administrator of Public Works, and

Federal Surplus Relief Corporation

the Federal Emergency Relief Administrator.

Until 1935, the Corporation was primarily a relief agency which received from A.A.A. donations of surplus agricultural products to be distributed to the destitute and unemployed. Its operations were directed from the headquarters of the F.E.R.A., and the Administrator of F.E.R.A. was President of the Corporation.

In 1935, however, it was found that the Corporation's greatest value was not as a relief organization, but as an agency to assist in the program being conducted by the A.A.A. to remove farm surpluses. Accordingly, the name was changed to Federal Surplus Commodities Corpora-

tion; membership was altered so that the Department of Agriculture rather than F.E.R.A. would direct its policies; and the Administrator of A.A.A. and the Governor of the Farm Credit Administration became members in the place of the Federal Emergency Administrator of Public Works and the Federal Emergency Relief Administrator. The Administrator of A.A.A., Chester C. Davis, was elected president to replace the Federal Emergency Relief Administrator, Harry L. Hopkins. Other changes were made since 1933 by amendments to the charter and by legislation which broadened somewhat the scope of its activities and coordinated it with additional governmental agencies.

Call for a Peacetime Sacrifice

131 ¶ A Call to War Veterans to Rally to the Colors in a Peacetime Sacrifice. Address before the American Legion Convention, Chicago, Illinois. October 2, 1933

Commander Johnson, Fellow Members of the American Legion:

I AM glad to come here again and I am glad to have the right to come here as your comrade. I have come because I have faith in the American Legion and in all veterans in all our wars. And, incidentally, the right which I have to come here works both ways because just as long as I am in the White House you have the right to come and see me there.

You know my relationship with you is not a matter of the past six months. It dates back to the war days. It dates back to the time when I participated with you, not only in this country but also on the North Sea, and in the Channel, and on the actual fighting front in France.

I want to talk with you very simply about the problems of government, the difficulties that you and I as Americans have faced and solved and the difficulties which we still face and are going to solve. I recognize and appreciate, and the Nation recognizes and appreciates, the patience, the loyalty, the willingness to make sacrifices, shown by the overwhelming majority of the veterans of our country during the trying period from which we are beginning successfully to emerge.

I want to talk to you about national unity. Let us look at it as a living thing—not a mere theory resting in books, or otherwise apart from everyday business of men and women. It means that we all live under a common government, that we trade with each other, pay common taxes, many of them too high. It means that we give to, and receive from, a common protective government of which we are part. So to recognize national unity, to hold it above all else, seeing that upon it depends our common welfare, is just another way to say that we have patriotism.

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You and I who served in the World War know that we represented a united Nation in a time of danger to world civilization. But you and I know also that national unity is as essential in time of peace as in time of war. If this country is worth living in, if this flag of ours is worth living under, if our social order means anything to us, then this country of ours is worth defending every day and every year of the life of every individual one of us. It is because I am unwilling to live myself, or to have my children or grandchildren live, under an alien flag or an alien form of government, that I believe in the fundamental obligation of citizenship, for men and women, to don the uniform of our country, to carry arms and work in its defense when our country and the things it stands for are attacked.

But there are two enemies of national unity — sectionalism and class — and if the spirit of sectionalism or the spirit of class is allowed to grow strong, or to prevail, that would mean the end of national unity and the end of patriotism.

Some people who visit us from other lands across the seas still find it difficult to credit the fact that a Nation sprung from many sources, a Nation one hundred and thirty million strong, a Nation stretching three thousand miles from east to west, is, in all the great essentials of its civilization, a homogeneous whole; for not only do we speak one language, not only are the customs and habits of our people essentially similar in every part of the country, but we have given repeated proof on many occasions, and especially in these recent years, that we are willing to forego sectional advantage where such advantage can be obtained only by one part of the country at the expense of the country as a whole.

The other enemy of national unity is class distinction, and you and I are well aware of the simple fact that as every day passes, the people of the United States are less and less willing to tolerate benefits for any one group of citizens that have to be paid for by others.

You men of the Legion have been willing to fight for the benefits of American life. You have been willing to live for American unity. You have understood that this is the very foundation of

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the Americanism for which you stand, in which you believe, and to which you and I swore allegiance when we became American Legionnaires.

But, my friends, for several years past the benefits of American life were threatened. The crisis came in the spring of this year. It was necessary to meet that crisis. Again it was necessary for all of us to go back to fundamentals. Millions of people were out of work, the banks were closed, the credit of the Government itself was threatened. The car was stalled. Obviously, the first objective was to get the engine running again. It is true that we succeeded in reopening the great majority of the banks, and we are going to open a lot more of them, but this would have been impossible if at the same time we had not been able to restore the credit of the Government.

In speaking of national credit we are again dealing with a real thing, not a mere theory in books. There is such a thing as national credit. It depends on national unity. Without it the Government cannot get money to carry on the great work of rehabilitation. You and I depend upon it, and in the right sense your welfare and mine rests upon it.

That is not just an academic proposition. Industry cannot be restored, people cannot be put back to work, banks cannot be kept open, human suffering cannot be cared for, if the Government itself is bankrupt. We realize now that the great human values, not for you alone but for all American citizens, rest upon the unimpaired credit of the United States.

It was because of that that we undertook to take the national treasury out of the red and put it in the black. And we have done it. And in the doing of it we laid down two principles which directly affected benefits to veterans — benefits to you, benefits to veterans of other wars.

The first principle, following inevitably from the obligation of citizens to bear arms, is that the Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense.

The second principle is that no person, because he wore a uni-

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form, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his Government a benefit which no other citizen receives. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated, and not connected with that service.

It does mean, however, that those who were injured in and as a result of their service are entitled to receive adequate and generous compensation for their disabilities. It does mean that generous care shall be extended to the dependents of those who died in or as a result of service to their country.

To carry out these principles, the people of this country can and will pay in taxes the sums which it is necessary to raise. To carry out these principles will not bankrupt your Government or throw its bookkeeping into the red.

Every person who has made honest study knows that mistakes, many of them, have been made during the course of the past fifteen years. I personally know that mistakes in individual cases and inequalities affecting various groups have occurred in the past six months. And I say to you right here that at the same time there stands out the fact which you know—that many of these mistakes have been rectified and that we have the definite purpose of doing justice not only to the mass, but, insofar as possible, to every individual as well. Furthermore, it is my hope that insofar as justice concerns those whose disabilities are, as a matter of fact, of war origin, the Government will be able to extend even more generous care than is now provided under existing regulations. It is to these men that our obligation lies.

To these two broad principles the time has come, I believe, for us to add a third. There are many veterans of our wars to whom disability and sickness unconnected with war service have come. To them the Federal Government owes the application of

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the same broad rule or principle which it has laid down for the relief of other cases of involuntary want or destitution.

In other words, if the individual affected can afford to pay for his own treatment he cannot call on any form of Government aid. But if he has not the wherewithal to take care of himself, it is, first of all, the duty of the community in which he lives to take care of him and, next, it is the duty of the State in which he lives. Only if under these circumstances his own community and his own State are unable, after reasonable effort, to care for him, then, and then only, should the Federal Government offer him hospitalization and care, and the Federal Government stands ready to do that.

My, you are a young-looking bunch. But the young men of this country, the young people of today who, in the event of war, would bear the first brunt of national defense, think of us of the American Legion as middle-aged people. I have a sneaking suspicion that you and I are not yet ready to admit that we have "one foot in the grave." We think of ourselves, and with some justification perhaps, as people who have had some experience, some maturity of judgment, a position in the community that carries with it a certain amount of responsibility. We believe we have a certain amount of influence as individuals and we believe that as an organization the American Legion has enormous power for the good of the country for many years to come. It is not enough that you have helped to write the history of the United States and of the world. It is a fact that much of the future history of our beloved Country will be a history which you will help to make in the years to come. Your future interests are inseparable from those of other citizens; and, granting that your interest in the disabled and dependent comrades is first upon your program, I ask in addition your cooperation in the great program of national rehabilitation in which you and I are equally engaged.

The charter of the Legion keeps it out of partisan politics. The strength and the very existence of the Legion depend on the maintenance of that principle. You are not here as Republi-

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cans or Democrats. You are here, as you should be, as Americans to work with your Government for the good of the average citizen. I am grateful to the Legion for the splendid stand it has taken; I am grateful for the "Battle Order" it has issued.

The realization of our national program, my friends, cannot be attained in six months. Reemployment has proceeded only a part of the way. From week to week there will be ups and downs, but the net result is a consistent gain. The freezing of credits has been stopped and the ice is definitely melting; it has not all melted yet. Farm income has been increased, but not enough; it must be increased further. Industry has picked up; but an increased purchasing power must stimulate it further and is going to.

Your task and mine are similar. Each one of us must play an individual part in our own field in dealing with these many problems, and to help make our neighbors play their part, but at the same time we must realize that the individual part belongs to a closely related whole — the national unity of purpose and of action.

Comrades of the Legion, I ask your further and even greater efforts in your program of national recovery. You who wore the uniform, you who served, you who took the oath of allegiance to the American Legion, you who support the ideals of American citizenship, you I have called to the colors again. As your Commander-in-Chief and your comrade, I am confident that you will respond.

NOTE: During the same trip to Chicago on which the foregoing speech was made before the American Legion Convention, I also made an informal extemporaneous talk at the Chicago Century of Progress Exposition, on October 2, 1933, at

a luncheon in my honor in the Administration Building; and one from the rear platform of the train, at Elkhart, Indiana, on the same day. These very short speeches have been omitted from this collection.

132 ¶ The Need for Patriotic and Religious
Faith — Address before the National Conference
of Catholic Charities. October 4, 1933

Cardinal Hayes, Your Excellency, ladies and gentlemen:

COMING down through the crowd this evening, my old friend, Monsignor Keegan, paid me the nicest compliment I have had since the fourth of March because he said, "Remember, way back before the fourth of March, when you said you would come to this dinner in October? And now you have come."

In the midst of problems of material things, in the machine age of invention, of finance, of international suspicion and renewed armaments, every one of us must gain satisfaction and strength in the knowledge that social justice is becoming an ever-growing factor and influence in almost every part of the world today. With every passing year I become more confident that humanity is moving forward to the practical application of the teachings of Christianity as they affect the individual lives of men and women everywhere.

It is fitting that this annual National Conference of Catholic Charities should celebrate also, at the same time, the centennial of the Society of St. Vincent de Paul. I like to remember the day a hundred years ago, the taunt of atheists, the taunt of the enemies of the Christian religion in the Paris of 1833, when they demanded of the churches, "Show us your works." Yes, I like to remember it because of the acceptance of that challenge, and the decision to show that Christianity was not dead, and that the deeds of Christians were in accordance with their faith. This one Society, this past year, in their task of visitation and relief of the poor in their own homes and in hospitals and institutions, aided more than one hundred and fifty thousand families within the borders of our country; and, with other great organizations of men and women connected with all the churches in all the land, it is working with similar unselfishness for the alleviation of

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human suffering and the righting of human wrong. When I think of this I am confirmed in my deep belief that God is marching on.

Monsignor Keegan has mentioned the fact that seven months ago this very day, standing at the portals of the capitol at Washington, about to assume the responsibilities of the Presidency, I told the people of America that we were going to face facts, no matter how hard and how difficult those facts might be, and that it was my firm belief that the only thing we had to fear was fear itself.

I believed then—and I know now—that our people would support definite action that sought the goal of giving every man his due. Leadership, I have tried to give, but the great and the outstanding fact, my friends, has been the response—the whole-hearted response—of America. As we have recaptured and rekindled our pioneering spirit, we have insisted that it shall always be a spirit of justice, a spirit of teamwork, a spirit of sacrifice, and, above all, a spirit of neighborliness.

We have sought to adjust the processes of industrial and agricultural life, and in so doing we have sought to view the picture as a whole. Revival of industry, redemption of agriculture, reconstruction of banking, development of public works, the lifting of crushing debt—all these in every part of the Nation call for a willingness to sacrifice individual gains, to work together for the public welfare and for the success of a broad national program of recovery. We have to have courage and discipline and vision to blaze the new trails in life; but underlying all our efforts is the conviction that men cannot live unto themselves alone. A democracy, the right kind of democracy, is bound together by the ties of neighborliness.

That tie, my friends, has been the guiding spirit of your work for the sick, for the children in need, and for the aged and friendless. And you who have participated in the actual day-to-day work of practical and useful charity understand well that no program of recovery can suddenly restore all our people to self-support. This is the time when you and I know that though we have proceeded a portion of the way, the longer, harder part still

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lies ahead; we must redouble our efforts to care for those who must still depend upon relief, to prevent the disintegration of home life, and to stand by the victims of the depression until it is definitely past.

The Federal Government has inaugurated new measures of relief on a vast scale, but the Federal Government cannot, and does not intend to, take over the whole job. Many times we have insisted that every community and every State must first do its share.

Out of this picture we are developing a new science of social treatment and rehabilitation — working it out through an unselfish partnership, a partnership between great church and private social service agencies and the agencies of Government itself. From the point of view of fixing responsibilities, the prevention of overlapping, the prevention of waste, and the coordination of effort, we are, all of us, making enormous strides with every passing day. But back of that cooperative leadership that is showing itself so splendidly in every part of the country, there are two other vital reasons for the maintenance of the efforts of the churches and other non-governmental groups in every part of the land.

The first of these is that much as you and I strive for the broad principles of social justice, the actual application of these principles is of necessity an individual thing—a thing that touches individual lives and individual families. No governmental organization in all history has been able to keep the human touch to the same extent as church and private effort. Government can do a great many things better than private associations or citizens, but in the last analysis, success in this kind of personal work in which you are engaged depends upon personal contact between neighbor and neighbor.

The other reason lies in the fact that the people of the United States still recognize, and, I believe, recognize with a firmer faith than ever before, that spiritual values count in the long run more than material values. Those people in other lands, and I say this advisedly, those in other lands who have sought by edict

Conciliation in Captive Mines Dispute

or by law to eliminate the right of mankind to believe in God and to practice that belief, have, in every known case, discovered sooner or later that they are tilting in vain against an inherent, essential, undying quality, indeed necessity, of the human race—a quality and a necessity which in every century have proved an essential to permanent progress—and I speak of religion.

Clear thinking and earnest effort and sincere faith will result in thoroughgoing support throughout the whole Nation of efforts such as yours. The spirit of our people has not been blunted; it has not been daunted. It has come through the trials of these days unafraid. We have ventured and we have won; we shall venture further and we shall win again. Yes, the traditions of a great people have been enriched. In our measures of recovery and of relief we have preserved all that is best in our history and we are building thereon a new structure—strong and firm and permanent.

I can never express in words what the loyalty and trust of the Nation have meant to me. Not for a moment have I doubted that we would climb out of the valley of gloom. Always I have been certain that we would conquer, because the spirit of America springs from faith—faith in the beloved institutions of our land, and a true and abiding faith in the divine guidance of God.

133 ¶ White House Statement on Conciliation of Labor Dispute in Captive Mines.

October 7, 1933

THE President and the Administrator of National Recovery in a long conference with the captive mine owners made clear certain fundamentals in regard to the operation of captive mines.

1. The captive mines come under the Coal Code already signed by the commercial mine owners, except as to provisions of said Code relating to the sale of coal.

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2. The workers in every captive mine can choose their own representatives for the purpose of collective bargaining.

3. Upon failure to agree on any point after such collective bargaining, the President will pass on the questions involved, and will in making decisions use the principle that captive mines must operate under conditions of work substantially the same in the broadest sense as those which obtain in the commercial mines, which represent 90 percent of coal production.

4. The President will ask the mine owners and workers to abide by such decisions.

5. The President will put into effect such Government assistance as may be necessary to carry out the decisions in fairness to owners and workers.

6. On or before Monday the President will propose this formally to the captive mine owners.

7. The owners have assured the President that they will enter into negotiations at once in good faith with representatives of their workers.

8. In the meantime and with realization that every effort at speedy ending of these matters is being sought, the President requests that work be continued and resumed and that order be maintained.

NOTE: After the approval of the bituminous coal code on September 18, 1933, the question arose as to whether the code applied to so-called captive mines. These are mines owned directly or indirectly by steel companies, which produce coal only for their own consumption and not for sale to other people. The question soon became acute with an extensive strike by the workers in these captive coal mines and other Pennsylvania coal mines. Negotiations were commenced under my supervision be-

tween representatives of N.R.A., the steel companies and the United Mine Workers.

An agreement was finally reached dated as of September 21, 1933, in which the employers agreed to comply with "the maximum hours of labor and minimum rates of pay which are already established or prescribed, pursuant to the coal code for the district in which such mine is located, so long as the coal code shall remain in effect." The agreement also stated that Section 7-A of N.I.R.A. would be complied with.

On Removal of Federal Trade Commissioner

In order to restore peace and end the strikes by prompt action, I was compelled on September 29, 1933, to direct Mr. Richberg of N.R.A. to fly to Hyde Park with the agreement, in order to have it approved by me. His airplane missed the landing field, and it was not until after midnight that I could sign and announce the agreement. My approval was given "with the understanding that under this agreement hours, wages and working conditions throughout these mines will be made as favorable to the employees as those prevailing in the district in which such mines are located."

After the agreement was signed further difficulties were met. The steel companies took the position

that the term "working conditions" used in the agreement did not mean that they had to recognize the union and the "check-off" system which was part of the union agreement.

The strike continued. On October 7, 1933, after a conference with representatives of the mine owners, I issued the foregoing statement, and in the meantime I requested that work be resumed in the mines, and that law and order be maintained.

Controversy and strike conditions continued. I again called conferences, with the result that on October 30, 1933, a further agreement was reached. (See Item 150, this volume.)

134 ¶ White House Statement on Removal of Federal Trade Commissioner Humphrey.

October 7, 1933

THE President has removed Commissioner Humphrey as a Member of the Federal Trade Commission.

In his place he has appointed Mr. George C. Matthews of Wisconsin, for many years a Member of the Public Utility Commission of that State. He is at the present time rate expert for the receivers of the Insull utilities. Mr. Matthews is a Republican.

NOTE: The Supreme Court later held that it was not within my power as President to remove Commissioner Humphrey except after charges. (Humphrey's Executor vs. United States, 295 U.S. 602.) Such procedure was not followed by me. It seems advisable at this time not to discuss the reasons for my action.

135 ¶ Address at the Dedication of the Samuel
Gompers Memorial Monument, Washington,
D. C. October 7, 1933

IT is fitting that in the capital of the Nation a statue should stand through the ages, to remind future generations of the services to that Nation of a patriot who served his country well. It is fitting that the Government, through its representatives, should take part in the dedication of this monument. It is fitting that I should appear here in my official capacity; but it is also fitting that I should be here in my personal capacity, as one who has always been proud of the personal friendship which he held for many years with Samuel Gompers.

I knew him first when as a very young man I came to New York City and received his fine support in the establishment of pure milk stations for the feeding of undernourished babies. From then on, we had many mutual tasks. It is, I think, a commentary on the progress toward social justice which we have accomplished in a short space of time, when I tell you that in the year 1911 — only twenty-two years ago — Samuel Gompers, Robert F. Wagner, Alfred E. Smith and I were labeled as radicals when we fought for and finally succeeded in passing a bill through the New York State Legislature, limiting the work of women in industry to fifty-four hours a week. These early struggles for social betterment — struggles which in large part were initiated by him — have met with growing success with every passing year. I like to think that Samuel Gompers is today, and at this moment, aware of the fact that through the quick and practical action of the National Recovery Act, child labor in the United States has at last come to an end.

During the years of the Wilson Administration, the friendship between us grew and strengthened. I need not speak of his great service to organized labor in their relations with private employers; but I can speak rightfully of the splendid cooperation which at all times he gave to the sympathetic adjustment of problems

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relating to workers for the Government itself. He understood well the fact that those who serve the Government serve the people as a whole. It was in the fulfillment of this principle that he approached the whole subject of the relationship of labor to the Government at the outbreak of the World War. As a member of the advisory committee of the Council of National Defense, he was a part of the great organization which met the crisis of war. But more than that, it was his patriotic leadership for the unanimous mobilization of the workers in every part of the Union which supplemented the mobilization of the men who went to the front.

With his keen analysis, President Wilson made this reference to Mr. Gompers in November, 1917:

"If I may be permitted to do so I want to express my admiration of his patriotic courage, his large vision and his statesmanlike sense of what has to be done. I like to lay my mind alongside of a mind that knows how to pull in harness. The horses that kick over the traces will have to be put in a corral."

In those few words President Wilson summed up the splendid national services of Samuel Gompers, and at the same time preached a sermon that applied to capital and labor alike.

That sermon is just as good today as it was in 1917. We are engaged in another war, and I believe from the bottom of my heart that organized labor is doing its share to win this war. The whole of the country has a common enemy; industry, agriculture, capital, labor are all engaged in fighting it. Just as in 1917 we are seeking to pull in harness; just as in 1917, horses that kick over the traces will have to be put in a corral.

Mr. Gompers understood and went along with that thought during the years of the War, and we have many evidences of his acceptance of the fact that the horses pulling in harness were the horses of the employees and of the employers as well. In those years a few, happily a very few, horses had to be lassoed — both kinds of horses; and today the conditions are very similar.

In the field of organized labor there are problems just as there were in the spring of 1917 — questions of jurisdiction which have

Dedication of the Gompers Memorial

to be settled quickly and effectively in order to prevent the slowing-up of the general program. There are the perfectly natural problems of selfish individuals who seek personal gain by running counter to the calm judgment of sound leadership. There are hot-heads who think that results can be obtained by noise or violence; there are insidious voices seeking to instill methods or principles which are wholly foreign to the American form of democratic government.

On the part of employers there are some who shudder at anything new. There are some who think in terms of dollars and cents instead of in terms of human lives; there are some who themselves would prefer government by a privileged class instead of by majority rule.

But it is clear that the sum of the recalcitrants on both sides cuts a very small figure in the total of employers and employees alike, who are going along wholeheartedly in the war against depression.

You of the Federation of Labor and its affiliations are in the broad sense giving the same kind of fine cooperation to your Government which Samuel Gompers and his associates gave to that same Government in the old days.

Even as in the old days when I was in the Navy Department, Mr. Gompers and the Federation were at all times on a footing of friendship and cooperation with me, so today, President Green and his associates are working with my Administration toward the attainment of our national purposes. The overwhelming majority of the workers understand, as do the overwhelming majority of the employers of the country, that this is no time to seek special privilege, undue advantage, or personal gain, because of the fact of a crisis. Like the duly constituted officials of your Government, we must put and we are putting unselfish patriotism first. That would have been the order of Samuel Gompers if he were with us today.

136 ¶ White House Statement on the Presentation of a Sabre of Honor Made for George Washington. October 10, 1933

Accompanied by H. E., Mr. André de Laboulaye, the French Ambassador, General de Chambrun this morning presented to the President, on behalf of the President of the Council, a Sabre of Honor which was made especially for George Washington, whose death took place before the presentation could be made.

In accepting the sabre, President Roosevelt announced that it, together with the letter of transmittal, would hang directly beneath the portrait of General Washington at the White House.

General de Chambrun, in presenting the sabre, delivered the following letter from the President of the French Council to President Roosevelt:

TRANSLATION

“OFFICE OF THE PRESIDENT OF THE COUNCIL

“Paris, September 21, 1933.

“To His Excellency, President Roosevelt

“Mr. President:

“I am charging General de Chambrun to offer to Your Excellency the Sabre of Honor which the French Volunteers had made at the celebrated works at Klingenthal (Alsace) to send to George Washington.

“The death of the hero took place before the gift could be sent to him; but the token of admiration of the French soldiers of the Revolution still keeps, despite the lapse of time, its value as a symbol, and the Government of the Republic takes pleasure in renewing, to Washington’s successor, the homage of a free people to the noblest figure of the struggles for Liberty.

“I have chosen for this mission General de Chambrun, a descendant of Lafayette, in order thus to attest the community of memories and the continuity of the ties which unite to France the great Republic of the United States.

“Please accept, Mr. President, the assurances of my high consideration and my cordial sentiments. (s) “Ed. Daladier.”

137 ¶ The Fifty-ninth Press Conference

(Excerpts). October 11, 1933

(Washington sabre—Liquor control after repeal—Moving picture salaries—War debts negotiations—London Conference and the European Press)

President Arias, of the Republic of Panama, was present at the Conference.

Q. Good morning, Mr. President.

THE PRESIDENT: Good morning. *(Exhibiting sabre)*

Q. Are you going to cut off a few heads this morning?

THE PRESIDENT: At least I am protected. Charlie *(Mr. Hurd)*, you have to be good this morning. You watch your questions carefully.

Q. Mr. President, hadn't you better turn that in to the Treasury?

Q. Is that all gold, Mr. President?

THE PRESIDENT: I think it is.

Q. It would be worth more if gold is de-valued. *(Laughter)*

MR. DONALDSON: Everybody in?

Q. Mr. President, this is no laughing matter—what can you tell us about the liquor situation, the District Attorney, the Public Utilities Commission and District of Columbia . . . ?
(Laughter)

THE PRESIDENT: I haven't thought about them since you asked the question. I asked the President of Panama to come in today and told him that this would be a unique experience for him. From my point of view we have had a very satisfactory talk . . .

PRESIDENT ARIAS: And from mine also.

THE PRESIDENT: And the President says, from his also. I think his visit does illustrate the practical way of taking up problems that occur between different countries and I think we are making very satisfactory progress. . . .

The sword you heard about yesterday is here, if you would like to examine it. It is a very wonderful piece of workmanship,

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engraved with the American eagle and the stars and the letter "W" on both sides of the blade. It had been ordered by the French volunteers who fought in our revolution, to be given to Washington. It is supposed, but not proven, to have been brought over here by General Lafayette himself as a gift to Washington in 1800. Of course, General Washington had died the year before. It was only found in the sword factory this last summer. It was given to our Government and will hang under the portrait of Washington in the White House.

Q. Is there an inscription on the blade?

THE PRESIDENT: No, there is no inscription, only the letter "W" and the Presidential eagle and the stars.

Q. Still sharp?

THE PRESIDENT: For all practical purposes. . . . (*Laughter*)

Q. Mr. President, has the time arrived when you can give us anything like a picture of liquor control after repeal and the amount of taxes that ought to be raised and how it should be handled?

THE PRESIDENT: No, I cannot. I will tell you what the situation is: I think there have been three or possibly four different groups that have been studying the thing. The Attorney General has his end of it; then there are the State Department with respect to importations, and the Internal Revenue people and the Treasury Department in relation to the wider fiscal problem. So far as I know, those different groups have not been coordinated; I don't think they have met; but probably in the course of the next week I shall get them together some way, and shall try to work out what might be called an Administration policy in regard to the two phases of the situation.

First will be the phase from the time of actual repeal up to the time of Congressional legislation. Second will be the phase of what we shall recommend to the Congress in the way of permanent legislation. But there hasn't been any general meeting of all the interested parties yet; and that is something I have to do.

The Fifty-ninth Press Conference

Q. Any serious consideration of a special session to deal with this?

THE PRESIDENT: No, and, incidentally, in spite of George Durno, Paul Mallon or somebody, there never has been any thought of a special session.

Q. Have you issued any orders affecting salaries of those in the motion-picture industry?

THE PRESIDENT: I haven't issued any orders in regard to the movie code, one way or the other.

Q. Have you advanced any ideas along that line?

THE PRESIDENT: The only time I have mentioned the movie code in any shape, manner or form, was to ask that the Deputy Administrator look into and consider the size of earnings of—I hate to be impolite—immature persons who, perhaps, are making more money than is reasonable in good conscience; and the same thing in relation to—what do they call them?—producers or directors who are making about four or five or six or eight times the salary of the President of the United States—to consider whether it is conscionable.

Q. How about Mickey Mouse? (*Laughter*)

THE PRESIDENT: I don't know any of the facts in the case. The only things that came to me were rumors, and I asked that the rumors be looked into. . . .

Q. Can you tell us anything about the British debt negotiation?

THE PRESIDENT: Only what I read in the papers and that was inaccurate. (*Laughter*) No, they have only just begun to talk on it; and, as I understand from Steve, there won't be any news during the preliminaries unless it is handed out in the form of a joint statement.

Q. Might it involve the question of stabilization of currency?

THE PRESIDENT: Not that I know of.

Q. Wouldn't it be natural to stabilize . . .

THE PRESIDENT: Not necessarily.

Q. How would they pay? (*Laughter*)

THE PRESIDENT: As a matter of fact, on this debt thing it would be best not to speculate because it would be pure speculation;

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and the chances are 99 to 1 that the speculation would be wrong. Besides, it frankly doesn't do an awful lot of good in international relations to get the trend of the public mind one way or the other before there has been any meeting of the Government minds.

I know you people won't mind my saying this, but the more I look at it the more true I think it is — and this doesn't affect us people over here so much. If anybody were to ask me what was the greatest single factor that contributed to the failure of the London Economic Conference to accomplish more than it did — and this is off the record and between us — I should say it was the Continental press. They established a public and publicity background that necessarily concentrated the attention of that London Economic Conference on just one subject, although it had twenty subjects before it. The Continental press and, to a large extent, the British press were responsible for that.

Of course, it is also equally true that people themselves concerned in that London Economic Conference got a great deal of their own personal slant from the press. It not only had a public influence but also a serious influence on the delegates themselves and an influence on the publicity which came out of London. Of course, the delegates were, in large part, responsible too, but the publicity that came out of London and concentrated that Conference on just the one question of stabilization did a very serious hurt to good results.

On this debt thing, we are acting a little bit the same way over here. We are merely engaged now on the preliminary conversations, and in those conversations they will take up twenty different formulas and each one will have its ramifications of all kinds. They will explore them for a long, long time; and nothing will come to me until they have explored them all. Then they may come to me and to the Prime Minister in London and say that such and such method is out of the question, and that another method is out of the question, but that they do think it is worth going ahead with discus-

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sions on this line or that line or on three, different alternative lines. And then the British Government may consider it and I shall consider it; and then we may get to the second stage or may not.

It is all as vague as that at present; and any newspaper story that says we are engaged on this particular proposition at this time just isn't so, and will tend not only to stir up public opinion in England and the United States on an issue which is not an issue, but to crystallize the point of view of the Government officials and the negotiators themselves.

That is why I hope very much that there won't be any categorical stories one way or the other on the debt negotiations because the thing is frankly and definitely up in the air completely. It is only in the preliminary, exploratory stage.

Q. You expect this will take some time?

THE PRESIDENT: Yes. And all we can say is we hope there will be some meeting of the minds on it; but we don't know. I will tell you all just as soon as there is anything tangible to go on, but there isn't yet. . . .

NOTE: With respect to the Wash- With respect to liquor control,
ington sabre mentioned in this see Items 174 and 175 of this vol-
Press Conference, see Item 136 of ume.
this volume.

138 ¶ Radio Address to the Women's Conference on Current Problems—Education and Peace. October 13, 1933

I AM glad to have the opportunity of greeting those who are attending the Third Annual Women's Conference on Current Problems.

I note that the subject of this Conference is "This Crisis in History," and this leads me to suggest that the short space of ten minutes will scarcely allow me to do more than congratulate you

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on your courage in seeking fully to discuss "This Crisis in History" in the space of two days.

May I, however, touch very briefly on two matters which are much in my mind — two problems which can be helped by public interest and public discussion?

One of them relates to the peace of the world. The danger to world peace certainly does not come from the United States of America. As a Nation, we are overwhelmingly against engaging in war. As a Nation we are seeking no additional territory at the expense of our neighbors.

The United States does not seek to annex Canada or any part thereof, to annex Mexico or any part thereof, or to annex Cuba or any part thereof. It is this attitude of the overwhelming majority of our people toward their neighbors — this complete lack of a national desire for territorial expansion — which makes the rest of the world begin to understand that the United States is opposed to war.

I will go one step further in saying that the very great majority of the inhabitants of the world feel the same as we do about territorial expansion or getting rich or powerful at the expense of their neighbors. It is only in the case of such people in the world as still have imperialistic desires for expansion and domination in their minds or in their hearts that threats to world peace lie. And, finally, it seems clear to me that it is only through constant education and the stressing of the ideals of peace that those who still seek imperialism can be brought in line with the majority.

The other thought that I want to express to you is even more definitely along the line of education. It is true, unfortunately, that the economic depression has left its serious mark not only on the science and practice of education but also on the very lives of many hundreds of thousands of children who are destined to become our future citizens.

Every one of us has sought to reduce the cost of government. Every one of us believes that the cost of government, especially of local government, can be reduced still further by good busi-

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ness methods and the elimination of the wrong kind of politics. Nevertheless, with good business management and the doing away with extravagance and frills and the unnecessary elements of our educational practices, we must at the same time have the definite objective in every State and in every school district of restoring the useful functions of education at least to their pre-depression level. We have today, for example, a large surplus of so-called qualified teachers—men and women who even if we had full prosperity would and probably should be unable to find work in the field of education. Even today we are turning out too many new teachers each year. That is just as much an economic waste as building steel rail plants far beyond the capacity of railroads to use steel rails. It goes without saying that we should have enough teachers and not a large excess supply. It goes also without saying that the quality of our teaching in almost every State of which I have knowledge can be definitely and distinctly raised. The main point is that we need to make infinitely better the average education which the average child now receives, and that, through this education, we will instill into the coming generation a realization of the part that the coming generation must play in working out what you have called “this crisis in history.” This crisis can be met, but not in a day or a year, and education is a vital factor in the meeting of it.

I am told that tonight I speak not only to the Conference on Current Problems but to colleges and universities throughout the country, many federations of women’s clubs, almost two thousand organizations interested in education, public and private schools and State educational associations, numbering among their members many of the educational leaders of America. I mention this because, in closing, I want to enlist your support in the fight we are making on the depression. When this fight is won, your problems will be solved. You can help your Government—Federal, State and local—and we in Government want your help.

139 ¶ White House Statement on the Establishment of the Deposit Liquidation Board.

October 15, 1933

THERE will be established in the Reconstruction Finance Corporation a special Division to make loans to closed banks. The head of this Division will be C. B. Merriam, a member of the Board of Directors of the Corporation.

In order that this Division may work in close cooperation with the Treasury Department, the Comptroller of the Currency and the Deposit Insurance Corporation it will be administered by a Deposit Liquidation Board consisting of the following:

1. C. B. Merriam, the head of the Deposit Liquidation Board
2. Jesse H. Jones, Chairman of the Board of the Reconstruction Finance Corporation
3. Dean G. Acheson, Under Secretary of the Treasury
4. Lewis W. Douglas, Director of the Budget
5. J. F. T. O'Connor, Comptroller of the Currency
6. Walter J. Cummings, Chairman of the Deposit Insurance Corporation

The purpose of the Deposit Liquidation Division will be to stimulate and encourage liquidating agents of banks closed after January 1, 1933, to borrow from the Reconstruction Finance Corporation in order that funds may be made available to depositors as quickly as possible. The general intention is to make loans on the assets of closed banks for the benefit of depositors up to a maximum of 50 percent of their deposits, inclusive of distributions heretofore made. This does not, of course, mean that in a bank whose remaining assets are worth less, that the depositors will get 50 percent. They will get in such a case only their share in the remaining assets. It is not intended that such distribution will be uniform but that they will be limited to the orderly liquidation value of assets on which loans can be made, reserving only what will appear sufficient to pay taxes, expenses

The Deposit Liquidation Board

and interest during the liquidation period. In some cases further distributions will not be possible because assets remaining in the bank will not warrant any further dividends than those heretofore made. Distributions in any case will be possible only to the amounts of the loanable value of the assets which have not already been pledged or otherwise disposed of. In cases where the condition of the closed bank will justify it, proper consideration will be given to a larger distribution than 50 percent. More than one distribution will be made as and if assets improve in value.

The object of establishing this Deposit Liquidation Division and trying to stimulate the distribution of frozen bank assets is: First, to place money in the hands of depositors with the least possible delay, and second, to bring about more orderly liquidation of the assets of closed banks; this will prevent dumping of assets at sacrifice prices.

Special advisory and appraisal committees will be organized throughout the country to speed the appraisal of closed bank assets where such appraisals have not already been made by Government agencies. These committees organized for the appraisal and recommendation of these loans will be recruited from representative local bankers, business men, and farmers.

It is estimated that the maximum available loanable value of the assets of banks closed during the year 1933 will not exceed \$1,000,000,000 (one billion dollars), and it is hoped that the distribution will approximate that amount. The exact amount that can be distributed will be governed by the appraisal of the actual assets of each closed bank. Until that appraisal is made the amount involved cannot be more accurately stated.

Funds for the liquidation of deposits will be supplied by the Reconstruction Finance Corporation. These funds may be supplemented later by the Federal Deposit Insurance Corporation.

I am particularly anxious that this matter be handled with dispatch and to that end solicit the cooperation of all who may have official or other authority in connection with any closed bank. The United States Government has authority over closed national banks and can speed up distribution in those banks if

The Reconstruction Finance Corporation

those directly interested will cooperate, but the Government is without authority over closed State banks. If delays occur in the case of State banks, they will be due to reasons beyond the control of the national Government.

NOTE: Established in January, 1932, the Reconstruction Finance Corporation had originally been created primarily to render aid to financial institutions such as banks, insurance companies, and mortgage companies, and to railroads, in an effort to stave off impending collapse. In its conception and in its organization the Reconstruction Finance Corporation was patterned after the War Finance Corporation which had been set up during President Wilson's Administration.

The Corporation was the logical successor of the National Credit Corporation, which had been formed in October, 1931, by the banks themselves as a self-help instrumentality, but which proved wholly unable to cope with the mounting wave of banking failures. The establishment of the R.F.C. in 1932 came about as the necessity became clear of giving Government aid to the banking system.

Under the original law the activities of the Corporation were limited in scope. Financial institutions were authorized to borrow from the R.F.C., but all loans had to be fully and adequately secured. This naturally had the undesirable result of taking as collateral many of the best assets of the banks, leaving them often only with less desirable

ones. The theory was, however, that if the Federal Government would support the Nation's financial system, fear would be dissipated, confidence would be restored, and the crash which was then imminent might be averted. But the aid given by Government through R.F.C. up to March 4, 1933, was not enough to prevent the closing of all the banks in the country.

The new Administration determined to make the Corporation one of the positive agencies for recovery rather than simply a means intended to avert impending disaster. This was a new conception of the Corporation, and its importance to recovery in general cannot be over-emphasized. The continued lending of vast amounts of the public money to banking institutions on the security of their frozen or depreciated assets would necessarily be useless, we believed, unless energetic measures were adopted at the same time to restore the value of those assets by the revival of industry and agriculture. Without such positive measures for general economic recovery, a continuation of the lending activities of the Corporation would not only have been without avail, but would actually have been dangerously harmful, for the credit of the Federal Treasury would have

The Reconstruction Finance Corporation

been lashed to a sinking price structure.

The new role which the Reconstruction Finance Corporation was therefore called upon to perform when I took office was twofold: First, it was given investing functions and greatly enlarged and diversified lending functions. Second, it was authorized and directed to cooperate with the new recovery agencies in carrying on their special activities.

In its relation to the financial system, which had been the chief object of the Corporation's earlier work, the new role of the Corporation was striking. There was a complete about-face in objectives. Briefly, its function became that of strengthening and rebuilding a new and sound financial structure, rather than merely supporting an unsound and collapsing financial structure. Instead of continuing to cushion the shock of deflation, the purpose of the new Administration was actively to rebuild the instrumentalities of finance, transportation and industry for increased usefulness.

This orientation reversed fundamentally the purposes of the R.F.C. and called for immense new powers in hitherto untouched fields. Whereas formerly financial aid took the form only of loans secured by a pledge of assets, the Corporation was now authorized by the Emergency Banking Act of 1933 to purchase preferred stock, capital notes and debentures of national and State banks and trust companies. The objective of this program, which

avoided depriving the banks of their best assets as collateral for loans, was to strengthen the capital position of the banks in order both to protect the depositors and to enable the banks to provide extended credit for agriculture and industry. Pursuant to this program, approximately \$1,100,000,000 was expended in the purchase of capital obligations of over 6,000 banks throughout the country during the four years and seven months after March 4, 1933. The same kind of relief was extended also to insurance companies by virtue of an Act of the Congress, approved June 10, 1933.

With the passage of the Federal Deposit Insurance Corporation Act to restore the confidence of depositors, the stock purchase powers of the R.F.C. were integrated with this deposit-insurance policy. The cooperative efforts of the two agencies—the R.F.C. recapitalizing banks to make them strong enough to be eligible to obtain insurance, and the F.D.I.C. granting the protection of deposit insurance—were major forces in promptly allaying all fear and restoring normal banking facilities.

As a corollary to its program of strengthening the structure of going banks, the R.F.C. took vigorous measures to make available to depositors the funds tied up in closed banks. To this end the authority contained in the original R.F.C. Act was extended in June, 1933, by eliminating the former limitation on the amount of money available for this

The Reconstruction Finance Corporation

purpose, and a deposit liquidation division was established in the Corporation. The Corporation reappraised the assets in closed banks and loaned funds thereon up to 75 percent of their value. Of the billion and more dollars authorized for liquidating dividend payments to millions of depositors in more than 2,700 closed banks, \$284,000,000 to over 1,400 closed institutions was approved by the Deposit Liquidation Board. Not only private deposits, but public funds as well, were freed. This was done by loans to closed banks, and to State Funds created for the purpose of insuring repayment of deposits of public moneys.

Assistance to railroads, whose credit is recognized as vitally important to the banks, life-insurance companies and educational and philanthropic foundations, likewise took a new form after March 4, 1933. Whereas formerly the Corporation was authorized to aid in the temporary financing of railroads engaged in interstate commerce, to railroads in process of construction, and to receivers of such railroads, it was enabled by an amending act in June, 1933, to lend to trustees of railroads in reorganization under Section 77 of the Bankruptcy Act. By further amendment in January, 1935, to aid in the financing, reorganization, consolidation, maintenance or construction of railroads, the Corporation was authorized to purchase or guarantee the obligations of railroads engaged in inter-

state commerce, including equipment trust certificates, as well as to make loans to railroads or to receivers or trustees thereof. Thus the policy of rehabilitation of the railroads was given new and effective encouragement.

As a direct means of revitalizing smaller industries, the Reconstruction Finance Corporation was authorized by an amending act to make loans, either alone or in cooperation with banks, to smaller industrial and commercial businesses where credit at prevailing bank rates was not available. This new function proved of especial value to small-scale business. Approximately one-sixth of such loans have been in amounts of \$5,000 and under, and over 85 percent in sums of \$100,000 or less. Upon the basis of the applicant's statements, it is estimated that approximately 400,000 persons have been given employment or have been continued in employment by virtue of these loans (see Vol. III, Item 44).

Through its progressive reductions of interest rates on loans, and through its readiness to finance railroads, banks and business at reasonable rates, when credit on reasonable terms was not otherwise available, the Corporation has had an important influence in the lowering of interest generally.

In ways too numerous to detail, the Corporation has cooperated with other Government agencies in the relief of the unemployed, the increase of employment, and the re-

The Reconstruction Finance Corporation

vival of business and agriculture. In 1933, the sum of \$500,000,000 was made available by the Corporation for relief activities undertaken by the Federal Emergency Relief Administration, and subsequently additional amounts were similarly allotted. While the functions of making loans for construction projects of States and subdivisions were transferred in 1933 to the newly created Public Works Administration with enlarged powers, the Corporation continued to assist in that function by purchasing from the Public Works Administration marketable securities acquired by that Administration from its borrowers, thus creating a revolving fund.

Similarly, large amounts were authorized to be advanced by the R.F.C. to the Secretary of the Treasury of the United States for the purchase of capital stock in the Federal Home Loan Banks and the Home Owners Loan Corporation; to the Federal Housing Administration for the insurance of long-term mortgages and the stimulation of housing repairs and modernization; to the Rural Electrification Administration for the introduction of electric facilities into rural areas.

Aid to agriculture for the period aggregated \$1,631,580,412, and took many forms, notably through advances of funds by the Corporation to the Farm Credit Administration for the purchase of mortgages held by banks; to the Land Bank Commissioner for the orderly liquidation of the joint stock land banks;

to drainage, levee, and irrigation districts for the refinancing of indebtedness or for the completion of land-improvement projects; to the Secretary of Agriculture and the Commodity Credit Corporation for loans on cotton, corn, and other commodities.

The Corporation has also been utilized for the restoration of property which has been lost or damaged by natural disasters. Beginning with a limited authority and an appropriation of only \$5,000,000 for that purpose in 1933, the functions of the Corporation in this field have been steadily enlarged, the latest activity being the organization of the Disaster Loan Corporation, authorized by Congress in February, 1937, to make loans for reconstruction necessitated by floods or other catastrophes. The R.F.C. is directed to purchase up to \$20,000,000 of the capital stock of Disaster Loan Corporation.

Thus the Corporation has been made an active agent in virtually every phase of the recovery program.

I am attaching a list of its loans, investments and allocations during my first four years and seven months in office, as compared with the thirteen months preceding my Inauguration. While the total amount disbursed during the former period is not quite four times the amount disbursed during the latter, the important feature of the comparative table is the striking difference in the purposes for which R.F.C.

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money was disbursed in the two periods.

For example, it will be noticed that prior to my Inauguration the great bulk of disbursements consisted of four or five huge items of loans to railroads, banks, trust companies and other financial institutions. Compared with the total expenditures of that period the percentage loaned to financial institutions is tremendous. On the other hand, during my first four years and seven months as President, the amount loaned to railroads, open banks, building and loan associations, and insurance companies was less than in the preceding thirteen months. However, the comparison shows that almost 460 times as much was loaned on cotton, corn and tobacco, 11 times as much for distribution to depositors in closed banks, almost 15 times as much for loans to finance self-liquidating construction projects. Furthermore, it shows that almost \$100,000,000 was loaned to small industrial and commercial businesses, over \$1,000,000,000 for the purchase of preferred stock capital notes and debentures in banks to strengthen banking structure, \$80,000,000 to drainage and irrigation districts, and \$12,000,000 for relief to sufferers from natural catastrophes, as compared with none during the preceding year.

These figures show more clearly than words the change in the objectives of R.F.C. which came after March 4, 1933.

A special Division in the R.F.C. to make loans to closed banks was set up by the Executive Order to which this note is appended.

With respect to such loans, the Democratic National Platform of 1932 contained this statement: "We advocate quicker methods of realizing on assets, for the relief of depositors of suspended banks."

The Deposit Liquidation Board was formed for the purpose of advancing money to banks which had been closed after January 1, 1933. A great many of these closed banks had assets which were of substantial value but which could not be liquidated quickly, except at bankruptcy prices. The Board advanced money to the receivers or other liquidating agents of these banks on the security of these assets, and so enabled the depositors, who had received little or nothing in the way of dividends on their deposits, to obtain substantial amounts of money from the assets of their closed banks. A more orderly and productive liquidation was brought about throughout the country, to the great benefit of bank depositors.

The assets of these banks were appraised with the help of special advisory committees, organized throughout the country, and made up of representative local bankers and business men.

Loans totaling \$284,322,734.75 were authorized in this fashion by the Board, and the money was distributed to depositors in 1,433 institutions. These loans and distri-

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butions not only helped the de- that amount of purchasing power
positors themselves, but released throughout the country.

LOANS, INVESTMENTS, AND ALLOCATIONS DISBURSED PRIOR TO MARCH 4, 1933, AND AFTER MARCH 4, 1933

	<i>Feb. 2, 1932, through Mar. 3, 1933</i>	<i>Mar. 4, 1933, through Oct. 23, 1937</i>
Loans on cotton, corn, tobacco, and other commodities	\$ 1,547,572.25	\$ 710,332,350.18
Loans for distribution to depositors in closed banks	79,572,017.26	875,169,432.48
Loans to receivers of building and loan associations		2,283,574.66
Loans to railroads (including receivers) ...	325,417,074.57	211,709,164.54
Loans to drainage, levee, and irrigation districts		78,654,886.70
Loans to Public School Authorities		22,448,420.02
Loans to industrial and commercial businesses (including fishing, mining, milling, and smelting)		97,904,137.94
Loans to banks and trust companies	951,440,497.27	186,277,044.66
Loans to Federal Land Banks	18,800,000.00	368,436,000.00
Loans to mortgage loan companies	90,702,926.48	199,443,733.81*
Loans to aid in financing self-liquidating construction projects	18,674,000.00	260,686,506.48
Loans for the repair and reconstruction of property damaged by earthquake, fire, tornado, flood and other catastrophes ...		11,919,885.32
Loans to regional agricultural credit corporations	41,435,449.61	131,808,191.11
Loans to building and loan associations ...	101,523,591.68	13,198,729.00
Loans to insurance companies	80,523,480.19	9,151,936.23
Loans to joint stock land banks	4,897,209.38	13,082,412.00
Loans to livestock credit corporations	11,928,530.78	721,425.03
Loans to Federal intermediate credit banks		9,250,000.00
Loans to State funds created to insure deposits of public moneys		13,064,631.18
Loans to agricultural credit corporations ..	3,615,227.28	2,028,390.94
Loans to credit unions	449,653.00	150,442.79
Loans to processors or distributors for payment of processing taxes		14,718.06
Loans to Rural Electrification Administration		10,700,000.00
Loans on preferred stock in banks		18,148,730.00
Loans on preferred stock in insurance companies		34,275,000.00
Purchase of capital stock in The R.F.C. Mortgage Company		25,000,000.00

The Commodity Credit Corporation

Purchase of preferred stock in one insurance company		100,000.00
Purchases of preferred stock, capital notes and debentures in 6,021 banks		1,065,400,823.23†
Purchases of securities from P.W.A.		505,182,888.34
	1,730,527,229.75	4,876,543,454.70
Allocations to other governmental agencies and for direct relief	296,537,006.28	2,426,998,236.78
Total	\$2,027,064,236.03	\$7,303,541,691.48
* Includes \$53,110,918.95 to The R.F.C. Mortgage Company.		
† Includes \$22,500,000.00 for stock of Export-Import Banks.		

140 ¶ Formation of the Commodity Credit Corporation. Executive Order No. 6340.

October 16, 1933

WHEREAS, the Congress of the United States has declared that an acute emergency exists by reason of widespread distress and unemployment, disorganization of industry, and the impairment of the agricultural assets supporting the national credit structure, all of which affects the national public interest and welfare, and

WHEREAS, in order to meet the said emergency and to provide the relief necessary to protect the general welfare of the people, the Congress of the United States has enacted the following acts:

1. The Agricultural Adjustment Act, approved May 12, 1933.
2. The National Industrial Recovery Act, approved June 16, 1933.
3. The Federal Emergency Relief Act of 1933, approved May 12, 1933.
4. Reconstruction Finance Corporation Act, approved January 22, 1932.
5. The Federal Farm Loan Act, approved July 17, 1916.
6. The Farm Credit Act of 1933, approved June 16, 1933.
7. The Emergency Relief and Construction Act of 1932, approved July 21, 1932.

The Commodity Credit Corporation

AND WHEREAS, in order, effectively and efficiently, to carry out the provisions of said acts it is expedient and necessary that a corporation be organized with such powers and functions as may be necessary to accomplish the purposes of said acts.

NOW, THEREFORE, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is hereby ordered that an agency, to wit, a corporation, under the laws of Delaware, be created, said corporation to be named the Commodity Credit Corporation.

The governing body of said corporation shall consist of a board of directors composed of eight members, and the following persons, who have been invited and have given their consent to serve, shall be elected by the incorporators as such directors:

Henry A. Wallace, Secretary of Agriculture.

George N. Peek, Administrator, Agricultural Adjustment Administration.

Oscar Johnston, Director of Finance, Agricultural Adjustment Administration.

Henry Morgenthau, Jr., Governor, Farm Credit Administration.

Herman Oliphant, General Counsel, Farm Credit Administration.

Lynn P. Talley, Assistant to the Directors of the Reconstruction Finance Corporation.

E. B. Schwulst, Special Assistant to the Directors of the Reconstruction Finance Corporation.

Stanley Reed, General Counsel of the Directors of the Reconstruction Finance Corporation.

The office and principal place of business of said corporation outside the State of Delaware shall be in the city of Washington, and branch offices may be established in such places within the United States as the said board of directors shall select and determine by and with the consent of the Secretary of Agriculture and the Governor of the Farm Credit Administration.

The Commodity Credit Corporation

The capital stock of such corporation shall consist of 30,000 shares of the par value of \$100 each.

The Secretary of Agriculture and the Governor of the Farm Credit Administration are hereby authorized and directed to cause said corporation to be formed, with such articles or certificate of incorporation, and bylaws, which they shall deem requisite and necessary to define the methods by which said corporation shall conduct its business.

The Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to subscribe for all of said capital stock for the use and benefit of the United States. There is hereby set aside for the purpose of subscribing to the capital stock in said corporation the sum of \$3,000,000 out of the appropriation of \$100,000,000 authorized by Section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public No. 77, 73d Congress).

It is hereby further ordered that any outstanding stock standing in the name of the United States shall be voted by the Secretary of Agriculture and the Governor of the Farm Credit Administration jointly, or by such person or persons as the said Secretary of Agriculture and the Governor of the Farm Credit Administration shall appoint as their joint agent or agents for that purpose. The board of directors (other than the initial board of directors elected by the incorporators) shall be elected, and any vacancies thereon shall be filled by the Secretary of Agriculture and the Governor of the Farm Credit Administration jointly, subject to the approval of the President of the United States.

NOTE: The Commodity Credit Corporation was created under the laws of Delaware on the day following the foregoing Executive Order. It was extended to April 1, 1937, by Act of Congress, Pub. No. 1, 74th Congress, approved January 31, 1935 (49 Stat. 1); and to June 30,

1939, by Act of Congress, Pub. No. 2, 75th Congress, approved Jan. 26, 1937.

Its entire capital stock of \$3,000,000 was subscribed and held by the Secretary of Agriculture and the Governor of the Farm Credit Administration on behalf of the United

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States. Pursuant to the Act of April 10, 1936 (49 Stat. 1191), the capital stock was increased to \$100,000,000, the R.F.C. acquiring the additional \$97,000,000. The Corporation was authorized to make loans upon such farm commodities as might from time to time be designated by the President. The object was to contribute to the support of farm prices by enabling producers to hold on to their products which might otherwise have been dumped with resulting price declines. The loans have thus made it possible for the farmers themselves to get the advantage of eventual price increases which otherwise would have been lost to them.

The policy was adopted by the board of directors of making loans only upon commodities included in the adjustment programs of A.A.A. They developed a plan which permitted banks to carry the loans under a guarantee by the Corpora-

tion to purchase the farmers' notes on demand.

The facilities of the Corporation were taken advantage of immediately, and on October 18, 1933, loans were approved on the 1933-34 cotton crop.

Since that date and up to October 15, 1937, 1,990,000 cotton loans, aggregating \$463,320,287, have been made on 6,548,015 bales of cotton, and of this amount of cotton, all but 1,705,224 bales have been liquidated. In addition, on October 15, 1937, loans on 408,782 bales of cotton amounting to \$18,508,009 were being carried by private lending agencies under loan-purchase contract from Commodity Credit Corporation.

Through October 15, 1937, loans on corn were made to 248,000 producers on 319,003,418 bushels of corn aggregating \$134,000,000. These loans have been fully liquidated.

141 **Joint Statement Issued by the President and President Arias on Panamanian-American Relations. October 17, 1933**

WE HAVE talked over in the most friendly and cordial manner the field of Panamanian-American relations. The fact that the Canal Zone is set down in the midst of Panama makes us neighbors in the most intimate sense of the word and it is in the interest of both our countries that we should be "good neighbors."

We are in accord on certain general principles as forming the

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bases of the relations between Panama and the United States in so far as the Canal Zone is concerned, as follows:

1. Now that the Panama Canal has been constructed, the provisions of the Treaty of 1903 between the United States and Panama contemplate the use, occupation and control by the United States of the Canal Zone for the purpose of the maintenance, operation, sanitation and protection of the Canal.
2. In view of that purpose the Republic of Panama is recognized as entitled, as a sovereign Nation, to take advantage of the commercial opportunities inherent in its geographical situation so far as that may be done without prejudice to the maintenance, operation, sanitation and protection of the Panama Canal by the United States of America which is earnestly desirous of the prosperity of the Republic of Panama.
3. The Government of the United States would sympathetically consider any request which the Government of Panama might make for the solution by arbitration of any important question which might arise between the two Governments and may appear impracticable of decision by direct negotiations, provided that such question is purely economic in its nature and does not affect the maintenance, operation, sanitation and protection of the Canal.

With regard to the activities of the United States in the Canal Zone, Panama feels that some of them constitute a competition prejudicial to Panamanian commerce. The United States has agreed to restrict and regulate certain activities; for example, special vigilance will be exercised to prevent contraband trade in articles purchased from the Commissaries; sales of "tourist" goods from the Zone Commissaries for resale on ships transiting the Canal will be prohibited; sales of other goods to ships from the Canal Zone Commissaries will be regulated with the interests of Panamanian merchants in view.

The services of the United States hospitals and dispensaries in

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the Canal Zone will be limited to officers and employees of the United States Government and of the Panama Railroad Company and their families, excepting only in emergency cases; admission to the restaurants, club houses and moving-picture houses in the Zone will be similarly restricted.

The United States also intends to request of Congress an appropriation to assist in repatriating some of the aliens who went to the Isthmus attracted by the construction work of the Canal and have now come to constitute a serious unemployment problem for Panama.

The clause binding lessees or contractors of the restaurants to purchase their provisions from or through the Commissaries will be abrogated. The United States Government furthermore is prepared to make the necessary arrangements in order that Panama may establish at the terminal ports of the Canal houses and guards to collect duties on importations destined to other portions of Panama and to prevent contraband trade.

NOTE: Misunderstandings arising from certain provisions of the treaty of 1903, between the United States and Panama, had become intensified by the continued economic depression, which was being felt with considerable severity in Panama. There were several points of friction between the two Governments.

Panama, for example, considered the right which had been conferred upon the United States in Article VII of the Convention of November 18, 1903, to maintain public order in the cities of Panama and Colon, derogatory to its sovereignty and inconsistent with the policy of the United States of non-intervention in the affairs of American Republics. There were differences of views be-

tween the two Governments, with respect to the problem of radio communications. Business interests in Panama complained increasingly of competition with their business on the part of restaurants, club houses, commissaries, moving picture houses and various service trades operating in the Canal Zone. Agitation in the Panamanian press with respect to these and other points of difference became acute in the summer of 1933.

President Arias of Panama sent word to me that he wished to come to Washington, to discuss with me the whole question of Panamanian and American relations in the Canal Zone. I suggested that he come. He arrived on October 9, 1933, and stayed at the White House with me

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until October 11th, during which time we had a very satisfactory opportunity to discuss pending questions between our two countries. It was a very practical way to deal with problems arising between Nations.

On October 19, 1933, we issued the foregoing joint statement, reviewing the understanding which we had reached in regard to the broad relations between Panama and the United States. These were the broad principles upon which we believed, after a completely frank discussion, a treaty between the two Nations should be based.

As a result of these conversations, delegates of the Republic of Panama came to Washington to discuss formal agreements for the purpose of removing the points of friction between the two Nations. These negotiations culminated in the signing of a series of agreements on March 2, 1936, defining the relations between the two countries. These agreements have already been ratified by the Republic of Panama, but still await action by the Senate of the United States.

142 ¶ Telegram to Great Lakes Harbors Association. October 19, 1933

IT GOES without saying that I in no way have changed my position favoring deep waterways from the head of the Great Lakes to the mouth of the St. Lawrence. Please extend my best wishes to those of the Great Lakes Harbors Association meeting with you in Detroit.

Mayor John W. Smith
c/o Great Lakes Harbors Assn.
Detroit, Michigan

(See Note to Item 7 of Vol. III on St. Lawrence Waterway.)

143 ¶ White House Statement on Creation of Organization to Protect Holders of Foreign Securities. October 20, 1933

THE President today conferred with a group of persons invited to Washington to discuss the creation of an organization for the protection of American holders of foreign securities. Those attending the conference were:

Laird Bell, of Fisher, Boyden, Bell, Boyd and Marshall, Chicago, Illinois

Hendon Chubb, of Chubb and Son (Marine Insurance), New York City

W. L. Clayton, Anderson, Clayton and Company, Houston, Texas

John Cowles, Publisher, Des Moines Register and Tribune

Herman Ekern, former Attorney General of Wisconsin

Ernest M. Hopkins, President, Dartmouth College

Philip La Follette, ex-Governor of Wisconsin

Mills B. Lane, The Citizens and Southern National Bank, Savannah

Frank O. Lowden, Governor of Illinois

Orrin K. McMurray, Dean, Law School, University of California

Roland S. Morris, former American Ambassador to Japan

Thomas D. Thacher, former Solicitor-General

J. C. Traphagen, President, Bank of New York & Trust Co., New York City

Quincy Wright, Professor, International Law, University of Chicago

In addition, Messrs. Charles Francis Adams, former Secretary of the Navy, Newton D. Baker, former Secretary of War, J. Reuben Clark, Jr., former Ambassador to Mexico, and others who had been asked to share in this work were unable to be present at this meeting. Their help is expected, however. . . .

The situation now existing in regard to foreign securities is one of substantial concern to the American people. American

To Protect Holders of Foreign Securities

funds were put at the disposal of over forty foreign Governments and had assisted in their economic development. Many of these loans are now wholly or partly in default. The bonds are held by large numbers of Americans who have at the present no adequate means of getting in touch with each other and organizing in order to keep themselves informed of events affecting their interests and of arranging for the proper handling of the debt situations in which they are concerned. In some instances American interests may be suffering unfair discrimination as compared with the investors of other countries.

A task of adequate organization obviously exists to be undertaken. In many situations the proper organization of the American bondholders is urgently needed in order to make possible fair and satisfactory arrangement with foreign Governments undergoing difficulties, and properly to protect American interests.

This is a task primarily for private initiative and interests. The traditional policy of the American Government has been that such loan and investment transactions were primarily private actions, to be handled by the parties directly concerned. The Government realizes a duty, within the proper limits of international law and international amity, to defend American interests abroad. However, it would not be wise for the Government to undertake directly the settlement of private debt situations.

It was decided, therefore, to call together a small group to take upon themselves the patriotic duty of bringing into existence an adequate, effective and disinterested organization to carry on this work. The organization should exist not for profits but for aiding the American interests which it will represent, and of aiding them at the lowest possible expense to the many thousands of bondholders.

Because of the fact that these interests are widely scattered, the fact that there are so many different loan issues to be considered, and so many different groups to be consulted, this is no easy task. But it must be achieved and the Government expects that it will be achieved. The organization when it comes into existence is to be entirely independent of any special private interest; it is to

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have no connections of any kind with the investment banking houses which originally issued the loans. It will decide its own affairs independently. Naturally, its decisions will ultimately depend on the will of those who possess the securities. Too, another of its duties naturally will be to keep intimate contact with all American interests concerned and to unify, so far as possible, all American groups that seek to act in protection of American interests. The organization contemplated in a sense will be a unifying center for the activities of all proper American interests.

The meeting was called in order to get the task well launched. Administration officials will follow the course of developments with interest. They have no intention, however, of seeking governmental direction or control of the organization, nor will they assume responsibility for its actions. Toward this organization, as toward all other legitimate American interests, the Government will seek to give such friendly aid as may be proper under the circumstances. The group undertaking the foundation of this organization will announce, as soon as possible, its plans. In the meeting today all phases of the form and work of the contemplated organization were discussed.

At a meeting held at the Treasury before the White House Conference, the State Department and the Federal Trade Commission were represented.

NOTE: The Democratic National Platform of 1932 contained this provision: "We condemn the usurpation of power by the State Department in assuming to pass upon foreign securities offered by international bankers, as a result of which billions of dollars in questionable bonds have been sold to the public upon the implied approval of the Federal Government." This plank was inserted because of the widespread losses which had been sus-

tained by our citizens in the purchase of foreign Government bonds.

The great number of defaults in foreign Government bonds was not only causing hardships to individual investors but was increasing the possibilities of embittering our foreign relationships with the Nations in default.

Accordingly, the Department of State and the Treasury Department had been giving thought to the matter since 1932, and had called to-

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gether in Washington a small group of private citizens to consider the problem. An informal report was submitted by this group recommending the formation of one central protective agency modeled along the lines of the British Corporation of Foreign Bondholders, an organization which for many years had served to protect the interests of British holders of foreign bonds. The Securities Act of 1933 (see Items 25 and 66 of this volume) contained a provision for the Federal incorporation of a Corporation of Foreign Security Holders to protect the interests of such holders, to be financed by a grant from the Reconstruction Finance Corporation, and to be administered by directors chosen by the Federal Trade Commission. It was provided, however, that that provision of the Act should not take effect until the President by proclamation declared it effective.

It was decided by the Administration, however, that it would be better to create an agency with similar functions but divorced from such a close relationship with the Government itself. Accordingly, the conference described in the foregoing statement was called; and it met at Washington. The conference agreed upon a plan to incorporate the Foreign Bondholders Protective Council, Inc., as a non-profit corporation to act in behalf of the American holders of the defaulted bonds of foreign Governments. The first meeting of its directors was held at

the Treasury Department in Washington on December 18, 1933. With few changes, the first Board of Directors, who were in general the gentlemen attending the conference and named in the statement together with a few others, have continued in office to the present time. The Directors serve without pay.

At the time of the formation of the Council, the foreign bonds in default were over \$1,700,000,000, representing about 190 separate issues of 100 Nations and political subdivisions and corporations whose issues were guaranteed by some Government.

The Council was limited in its activities to the use of the power of persuasion and negotiation, since no other means were available, consistent with our foreign policy, to compel payment by defaulting Nations.

Despite these limitations the Council has already negotiated a number of debt settlements which have enabled American bondholders to receive at least a part of their payments. Groundwork has also been laid by negotiations for future readjustments. It has helped also in blocking some inequitable plans of settlement which had been proposed by debtor Nations. It acts on its own responsibility; and the United States Government assumes no responsibility for its policies or actions.

It has operated on an annual budget of less than \$100,000. Contrary to the usual practice of protective committees, it levies no com-

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pulsory charge upon the security holders. It raises its money by requesting voluntary contributions from bondholders and from debtor Nations after the conclusion of successful debt negotiations. It also relies for funds upon contributions and advances from its members. The Council recently amended its By-Laws to provide that houses of issue for foreign bonds and short term creditors of foreign Nations are ineligible to membership.

On May 14, 1937, the Securities and Exchange Commission, after an investigation of protective committees and agencies for holders of defaulted foreign Government bonds, including the Foreign Bondholders Protective Council, Inc., made rec-

ommendations for certain reforms in the operation of the Council, although it pointed out the superiority of the Council as a protective medium over the conventional protective committee. Following the submission of these recommendations of the Commission, the Council asked the Secretary of State and the Chairman of the Securities and Exchange Commission to appoint a Board of Visitors to visit the Council from time to time to scrutinize its financial operations, including payments made to it by foreign Governments and by bondholders.

This request was granted and a Board of Visitors was announced on July 22, 1937.

144 ¶ The President Opens the Door to the Recognition of Russia—An Exchange of Letters with Mikhail Kalinin.

October 10 and October 17, 1933

The President, on October 20, 1933, made public the following correspondence:

Washington, October 10, 1933

My dear Mr. President:

Since the beginning of my Administration, I have contemplated the desirability of an effort to end the present abnormal relations between the hundred and twenty-five million people of the United States and the hundred and sixty million people of Russia.

It is most regrettable that these great peoples, between whom

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a happy tradition of friendship existed for more than a century to their mutual advantage, should now be without a practical method of communicating directly with each other.

The difficulties that have created this anomalous situation are serious but not, in my opinion, insoluble; and difficulties between great Nations can be removed only by frank, friendly conversations. If you are of similar mind, I should be glad to receive any representatives you may designate to explore with me personally all questions outstanding between our countries.

Participation in such a discussion would, of course, not commit either Nation to any future course of action, but would indicate a sincere desire to reach a satisfactory solution of the problems involved. It is my hope that such conversations might result in good to the people of both our countries.

I am, my dear Mr. President,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Mr. Mikhail Kalinin,

President of the All Union Central Executive Committee,
Moscow.

Moscow, October 17, 1933

My dear Mr. President:

I have received your message of October tenth.

I have always considered most abnormal and regrettable a situation wherein, during the past sixteen years, two great Republics — The United States of America and the Union of Soviet Socialist Republics — have lacked the usual methods of communication and have been deprived of the benefits which such communication could give. I am glad to note that you also reached the same conclusion.

There is no doubt that difficulties, present or arising, between two countries, can be solved only when direct relations exist between them; and that, on the other hand, they have no chance for solution in the absence of such relations. I shall take the lib-

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erty further to express the opinion that the abnormal situation, to which you correctly refer in your message, has an unfavorable effect not only on the interests of the two States concerned, but also on the general international situation, increasing the element of disquiet, complicating the process of consolidating world peace and encouraging forces tending to disturb that peace.

In accordance with the above, I gladly accept your proposal to send to the United States a representative of the Soviet Government to discuss with you the questions of interest to our countries. The Soviet Government will be represented by Mr. M. M. Litvinov, People's Commissar for Foreign Affairs, who will come to Washington at a time to be mutually agreed upon.

I am, my dear Mr. President,

Very sincerely yours,

MIKHAIL KALININ

Mr. Franklin D. Roosevelt,

President of the United States of America,

Washington.

145 ¶ The Uses of an Education — Extemporaneous Speech at Washington College, Chestertown, Md., on Receipt of Honorary Degree.

October 21, 1933

Chairman Brown, President Mead, friends of Washington College:

I DO NOT think either that it would be appropriate or that I could say anything that would be adequate after the very splendid words that you have heard from the new President of Washington College. He has spoken as the new head of a living college, to living men and women. He has spoken of today, and he has spoken of tomorrow; yet in coming here, I cannot help but feel the past. I cannot help but feel the close relationship with the early days of the Republic, as I stand here, the second President

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of the United States to come to Washington College after a lapse of nearly a century and a half.

President Mead has spoken to you of the spirit of the pioneers. It is true that the pioneer was an individualist; but, at the same time, there was in the pioneer a spirit of cooperation and understanding of the need of building up, not a class, but a whole community. It was that spirit that made possible these United States themselves, and it is the understanding of that spirit which made our first President's name revered above that of any other American in all our history. You young men and young women who are attending this College, like the young men and young women who are attending all the colleges throughout the land, have a duty to your whole community.

I often think of the words of a very elderly gentleman, President Eliot of Harvard, who, in many ways, was a revolutionist in educational circles. We were talking about the value of the educated people of the country to the country, and he made this remark, which I have always remembered: "If the ballot of the United States were limited to the holders of college degrees, the country would probably last about two years." And then he went on making the obvious point that if the governing of the United States were confined to one particular class of the community, whether they have the privilege of wealth or of education, something would be bound to go wrong, because of the very simple fact that there would be representation of only a minority of the people.

The wider we can have a distribution of wealth in the proper sense of that term, the more we can make it possible for every man, woman, and child throughout the land to have the necessities; and when they find themselves in such shape that they do not have to lie awake nights wondering where the food for the morrow is coming from, then we shall have the kind of security which means so much to the progress and the spirit of the country.

In the same way, if we could provide in the Nation for an adequate education for everybody, the spirit of the country would

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be vastly safeguarded. It is in this spirit that we encourage and foster the institutions of this Nation. And throughout the land, it is in this spirit that we are seeking, in times of depression, to prevent further attack on our educational system, which is building up the possibilities of this education to every boy and girl. In the last analysis we need people who have had a chance to look not just at the history of things in the past, but to look also into the application of that history to the problems of the moment and future. It is that thought which leads to an ideal of education.

I remember that when I was a boy in school in Massachusetts, Bishop Phillips Brooks made to my class a remark I shall never forget. He said: "You boys will be good citizens just as long as you remember your boyhood ideals." Those young ideals are just as true today as they were then. The ideals of young people are, on the whole, pretty fine and sound from the point of view of principle. Today they are making many changes in the methods, and many changes in the machinery of life, not just of government but of all human relationships, just as they will continue to make them; for a great many changes of government and human relationships are perfectly proper. But at the same time, the old-fashioned boyhood ideals, the old-fashioned principles, are going to keep the country going.

Every man and woman with an education has a twofold duty to perform. The first is to apply that education intelligently to problems of the moment; and the second is to obtain and maintain contact with and understanding of the average citizens of their own country. We have accomplished much, my friends, I think a great deal, in the last few months. Some countries which have dictators have laid down four-, five- and ten-year programs. I believe that in this country, which has not a dictatorship, we can move further toward our goal in a shorter space of time without giving it a definite number of years.

And so, in the years to come, not just through the life of this immediate program, but all my life, I shall continue to watch Washington College, the President, the faculty, its students, its graduates, with a feeling that I am one of them; that I have been

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very greatly honored in being made an alumnus of the College; and I breathe the same prayer that George Washington made to the College nearly a century and a half ago, that the Creator of the Universe will look down on the College and give it His benediction.

Let me tell you simply and from the bottom of my heart that I am proud to have come, proud of the honor; and I wish you Godspeed in the years to come.

146 ¶ The Fourth “Fireside Chat” — “We Are on Our Way, and We Are Headed in the Right Direction.” October 22, 1933

IT is three months since I have talked with the people of this country about our national problems, but during this period many things have happened, and I am glad to say that the major part of them have greatly helped the well-being of the average citizen.

Because, in every step which your Government is taking we are thinking in terms of the average of you—in the old words “the greatest good to the greatest number”—we, as reasonable people, cannot expect to bring definite benefits to every person or to every occupation or business, or industry or agriculture. In the same way no reasonable person can expect that in this short space of time, during which new machinery had to be not only put to work, but first set up, that every locality in every one of the forty-eight States of the country, could share equally and simultaneously in the trend to better times.

The whole picture, however—the average of the whole territory from coast to coast—the average of the whole population of 120,000,000 people—shows to any person willing to look, facts and action of which you and I can be proud.

In the early spring of this year there were actually and proportionately more people out of work in this country than in any

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other Nation in the world. Fair estimates showed twelve or thirteen millions unemployed last March. Among those there were, of course, several millions who could be classed as normally unemployed — people who worked occasionally when they felt like it, and others who preferred not to work at all. It seems, therefore, fair to say that there were about ten millions of our citizens who earnestly, and in many cases hungrily, were seeking work and could not get it. Of these, in the short space of a few months, I am convinced that at least four millions have been given employment — or, saying it another way, 40 percent of those seeking work have found it.

That does not mean, my friends, that I am satisfied, or that you are satisfied that our work is ended. We have a long way to go, but we are on the way.

How are we constructing the edifice of recovery — the temple which, when completed, will no longer be a temple of money changers or of beggars, but rather a temple dedicated to and maintained for a greater social justice, a greater welfare for America — the habitation of a sound economic life? We are building, stone by stone, the columns which will support that habitation. Those columns are many in number and though, for a moment, the progress of one column may disturb the progress on the pillar next to it, the work on all of them must proceed without let or hindrance.

We all know that immediate relief for the unemployed was the first essential of such a structure and that is why I speak first of the fact that three hundred thousand young men have been given employment and are being given employment all through this winter in the Civilian Conservation Corps camps in almost every part of the Nation.

So, too, we have, as you know, expended greater sums in co-operation with States and localities for work relief and home relief than ever before — sums which during the coming winter cannot be lessened for the very simple reason that though several million people have gone back to work, the necessities of those

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who have not yet obtained work are more severe than at this time last year.

Then we come to the relief that is being given to those who are in danger of losing their farms or their homes. New machinery had to be set up for farm credit and for home credit in every one of the thirty-one hundred counties of the United States and every day that passes is saving homes and farms to hundreds of families. I have publicly asked that foreclosures on farms and chattels and on homes be delayed until every mortgagor in the country shall have had full opportunity to take advantage of Federal credit. I make the further request which many of you know has already been made through the great Federal credit organizations that if there is any family in the United States about to lose its home or about to lose its chattels, that family should telegraph at once either to the Farm Credit Administration or the Home Owners Loan Corporation in Washington requesting their help.

Two other great agencies are in full swing. The Reconstruction Finance Corporation continues to lend large sums to industry and finance with the definite objective of making easy the extending of credit to industry, commerce and finance.

The program of public works in three months has advanced to this point: Out of a total appropriated for public works of three billion three hundred million, one billion eight hundred million has already been allocated to Federal projects of all kinds and literally in every part of the United States, and work on these is starting forward. In addition three hundred millions have been allocated to public works to be carried out by States, municipalities and private organizations, such as those undertaking slum clearance. The balance of the public works money, nearly all of it intended for State or local projects, waits only on the presentation of proper projects by the States and localities themselves. Washington has the money and is waiting for the proper projects to which to allot it.

Another pillar in the making is the Agricultural Adjustment Administration. I have been amazed by the extraordinary degree

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of cooperation given to the Government by the cotton farmers in the South, the wheat farmers of the West, the tobacco farmers of the Southeast, and I am confident that the corn-hog farmers of the Middle West will come through in the same magnificent fashion. The problem we seek to solve had been steadily getting worse for twenty years, but during the last six months we have made more rapid progress than any Nation has ever made in a like period of time. It is true that in July farm commodity prices had been pushed up higher than they are today, but that push came in part from pure speculation by people who could not tell you the difference between wheat and rye, by people who had never seen cotton growing, by people who did not know that hogs were fed on corn—people who have no real interest in the farmer and his problems.

In spite, however, of the speculative reaction from the speculative advance, it seems to be well established that during the course of the year 1933 the farmers of the United States will receive 33 percent more dollars for what they have produced than they received in the year 1932. Put in another way, they will receive \$400 in 1933, where they received \$300 the year before. That, remember, is for the average of the country, for I have reports that some sections are not any better off than they were a year ago. This applies among the major products, especially to cattle raising and the dairy industry. We are going after those problems as fast as we can.

I do not hesitate to say in the simplest, clearest language of which I am capable, that although the prices of many products of the farm have gone up and although many farm families are better off than they were last year, I am not satisfied either with the amount or the extent of the rise, and that it is definitely a part of our policy to increase the rise and to extend it to those products which have as yet felt no benefit. If we cannot do this one way we will do it another. Do it, we will.

Standing beside the pillar of the farm—the A.A.A.—is the pillar of industry—the N.R.A. Its object is to put industry and

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business workers into employment and to increase their purchasing power through increased wages.

It has abolished child labor. It has eliminated the sweat shop. It has ended sixty cents a week paid in some mills and eighty cents a week paid in some mines. The measure of the growth of this pillar lies in the total figures of reemployment which I have already given you and in the fact that reemployment is continuing and not stopping. The secret of N.R.A. is cooperation. That cooperation has been voluntarily given through the signing of the blanket codes and through the signing of specific codes which already include all of the greater industries of the Nation.

In the vast majority of cases, in the vast majority of localities, the N.R.A. has been given support in unstinted measure. We know that there are chiselers. At the bottom of most cases of criticism and obstruction we have found some selfish interest, some private ax to grind.

Ninety percent of complaints come from misconception. For example, it has been said that N.R.A. has failed to raise the price of wheat and corn and hogs; that N.R.A. has not loaned enough money for local public works. Of course, N.R.A. has nothing whatsoever to do with the price of farm products, or with public works. It has to do only with industrial organization for economic planning to wipe out unfair practices and to create reemployment. Even in the field of business and industry, N.R.A. does not apply to the rural communities or to towns of under twenty-five hundred population, except in so far as those towns contain factories or chain stores which come under a specific code.

It is also true that among the chiselers to whom I have referred, there are not only the big chiselers but also petty chiselers who seek to make undue profit on untrue statements.

Let me cite to you the example of the salesman in a store in a large Eastern city who tried to justify the increase in the price of a cotton shirt from one dollar and a half to two dollars and a half by saying to the customer that it was due to the cotton processing tax. Actually in that shirt there was about one pound of cotton

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and the processing tax amounted to four and a quarter cents on that pound of cotton.

At this point it is only fair that I should give credit to the sixty or seventy million people who live in the cities and larger towns of the Nation for their understanding and their willingness to go along with the payment of even these small processing taxes, though they know full well that the proportion of the processing taxes on cotton goods and on food products paid for by city dwellers goes 100 percent toward increasing the agricultural income of the farm dwellers of the land.

The last pillar of which I speak is that of the money of the country in the banks of the country. There are two simple facts.

First, the Federal Government is about to spend one billion dollars as an immediate loan on the frozen or non-liquid assets of all banks closed since January 1, 1933, giving a liberal appraisal to those assets. This money will be in the hands of the depositors as quickly as it is humanly possible to get it out.

Second, the Government Bank Deposit Insurance on all accounts up to \$2,500 goes into effect on January first. We are now engaged in seeing to it that on or before that date the banking capital structure will be built up by the Government to the point that the banks will be in sound condition when the insurance goes into effect.

Finally, I repeat what I have said on many occasions, that ever since last March the definite policy of the Government has been to restore commodity price levels. The object has been the attainment of such a level as will enable agriculture and industry once more to give work to the unemployed. It has been to make possible the payment of public and private debts more nearly at the price level at which they were incurred. It has been gradually to restore a balance in the price structure so that farmers may exchange their products for the products of industry on a fairer exchange basis. It has been and is also the purpose to prevent prices from rising beyond the point necessary to attain these ends. The permanent welfare and security of every class of our people ultimately depends on our attainment of these purposes.

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Obviously, and because hundreds of different kinds of crops and industrial occupations in the huge territory that makes up this Nation are involved, we cannot reach the goal in only a few months. We may take one year or two years or three years.

No one who considers the plain facts of our situation believes that commodity prices, especially agricultural prices, are high enough yet.

Some people are putting the cart before the horse. They want a permanent revaluation of the dollar first. It is the Government's policy to restore the price level first. I would not know, and no one else could tell, just what the permanent valuation of the dollar will be. To guess at a permanent gold valuation now would certainly require later changes caused by later facts.

When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation. I said that in my message to the American delegation in London last July. And I say it now once more.

Because of conditions in this country and because of events beyond our control in other parts of the world, it becomes increasingly important to develop and apply the further measures which may be necessary from time to time to control the gold value of our own dollar at home.

Our dollar is now altogether too greatly influenced by the accidents of international trade, by the internal policies of other Nations and by political disturbance in other continents. Therefore the United States must take firmly in its own hands the control of the gold value of our dollar. This is necessary in order to prevent dollar disturbances from swinging us away from our ultimate goal, namely, the continued recovery of our commodity prices.

As a further effective means to this end, I am going to establish a Government market for gold in the United States. Therefore, under the clearly defined authority of existing law, I am authorizing the Reconstruction Finance Corporation to buy gold newly mined in the United States at prices to be determined from time

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to time after consultation with the Secretary of the Treasury and the President. Whenever necessary to the end in view, we shall also buy or sell gold in the world market.

My aim in taking this step is to establish and maintain continuous control.

This is a policy and not an expedient.

It is not to be used merely to offset a temporary fall in prices. We are thus continuing to move toward a managed currency.

You will recall the dire predictions made last spring by those who did not agree with our common policies of raising prices by direct means. What actually happened stood out in sharp contrast with those predictions. Government credit is high, prices have risen in part. Doubtless prophets of evil still exist in our midst. But Government credit will be maintained and a sound currency will accompany a rise in the American commodity price level.

I have told you tonight the story of our steady but sure work in building our common recovery. In my promises to you both before and after March 4th, I made two things plain: First, that I pledged no miracles and, second, that I would do my best.

I thank you for your patience and your faith. Our troubles will not be over tomorrow, but we are on our way and we are headed in the right direction.

NOTE: In the foregoing address I outlined in general the broad objectives of the monetary policy which we had pursued since last March. They were: to restore commodity price levels which would enable agriculture and industry to make a fair profit and once more to give work to the unemployed; to make possible the payment of public and private debts more nearly at the price level at which they were incurred; to restore a balance in the

price structure so as to bring about a more equitable exchange level for farmers; and also to prevent prices from rising beyond the point necessary to attain these ends. With respect to our monetary policy in the international field, our aim was to permit the dollar to find its natural new realignment to world currencies.

Further reference will be made later to the objectives of our monetary policy in connection with the

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foreign exchange value of the dollar (see Items 8 and 16 of Volume III). At this point it may be said that the depreciation of foreign currencies, prior to 1933, had had the effect of making the dollar more expensive in terms of those foreign currencies. Thus it took more pounds, more francs or more marks to buy a dollar than it had formerly and, since the prices of our export products are determined in terms of dollars, it took more pounds, francs and marks to buy our export products. The effect of this had been to contribute to the serious decrease in our foreign trade, not because our own prices, in terms of dollars, had risen, nor because our products were of an inferior quality, nor because we did not have sufficient products to export. But because, in terms of foreign currencies, our products had become so much more expensive, we were not able to obtain our fair share of the world's trade. It was, therefore, necessary to take measures which would result in bringing the dollar back to the position where a fair amount of foreign currency could again buy our products; that is, to make the dollar cheaper in terms of pounds, francs or marks. This was the process which commenced in March, 1933, and which had to be continued until that level was reached. It was not desirable to make this level too low, because then our own importers would find it difficult to buy foreign merchandise. But it was clear that the level had been too high,

and we wanted to find the appropriate level.

By joint resolution (Pub. Res. No. 10, approved June 5, 1933), the Congress declared invalid all gold clauses contained in bonds already issued or thereafter to be issued, and authorized the payment of these bonds in ordinary legal tender. This joint resolution was a necessary step in effectuating the Government's control of the monetary system. The preamble of the resolution itself contained the statement of policy; namely, that the holding of, or the dealing in, gold affects the public interest, and is therefore subject to public regulation and restriction, and that the gold clauses in bonds obstruct the power of Congress to regulate the value of the money of the United States.

My message to the World Monetary and Economic Conference (see Item 87, this volume) also stated the monetary objectives toward which we were working — "giving to those (national) currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization." I there pointed out that the important problem was not the temporary fixing of exchange, but stabilization of each Nation's currency, conservation of metallic reserves, and the restoration of world trade by removal of existing commercial embargoes.

There can be no doubt on the part of persons familiar with the facts that by the end of 1933 the

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more immediate emergency goal of the Administration, to remedy the crisis which confronted it in March, 1933, had been accomplished — the restoration of public confidence. The sound banks of the country had been reopened and were functioning normally; money and gold which had been withdrawn for hoarding had been redeposited. The dollar was functioning regularly as an instrument in international trade, and was gradually and soundly readjusting itself to the value of world currencies.

Measures for permitting the dollar to find its proper place in relation to foreign currency had, as we have seen, taken two forms. First, the suspension of gold payments and the prohibition of shipments of gold to support the dollar abroad had detached the value of the dollar in foreign exchange from its previous gold value. Second, the gradually increasing price paid for gold, in relation to which all currencies may be directly or indirectly measured, likewise operated to change the foreign exchange value of the dollar. To illustrate, if today the price of gold in the London market were seven English Pounds for an

ounce of gold, and the price paid by the United States were thirty-five dollars for an ounce of gold, it would be easy to see that the price of one English Pound would be approximately five dollars.

In the foregoing address, I pointed out that this measure of improvement did not mean that our work had ended but that it was becoming “increasingly important to develop and apply the sound measures which may be necessary from time to time to control the gold value of our own dollar at home. . . . Therefore, the United States must take firmly in its own hands the control of the gold value of our dollar . . . in order to prevent dollar disturbances from swinging us away from our ultimate goal; namely, the continued recovery of our commodity prices.”

By January, 1934, these “sound measures” had been developed and were ready to be tried. We were ready “to take firmly in our own hands the control of the gold value of our dollar,” which was done by the Gold Reserve Act of 1934, which I recommended in my Message of January 15, 1934. (See Items 8 and 16 of Vol. III.)

147 ¶ Regulations to Exempt Minor Business Enterprises in Small Towns from the President's Reemployment Agreement. Executive Order No. 6354. October 23, 1933

IN ORDER to effectuate the policy of Title I of the National Industrial Recovery Act, approved June 16, 1933, and to provide for equitable enforcement of agreements heretofore made with the President and codes approved by the President under said act, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by Title I of said National Industrial Recovery Act, hereby prescribe the following rules and regulations which shall have the effect of modifying any inconsistent provisions of any order, approval, rule or regulation heretofore issued under Title I of said Act.

1. The provisions of the President's reemployment agreement, issued July 27, 1933, shall not be held to apply to employers engaged only locally in retail trade or in local service industries (and not in a business in or affecting interstate commerce) who do not employ more than five persons and who are located in towns of less than 2,500 population (according to the 1930 Federal census) which are not in the immediate trade area of a city of larger population, except so far as such employers who have signed the President's reemployment agreement desire to continue to comply with the terms of said agreement after the date of this order; and this release of such employers who have heretofore signed the President's reemployment agreement shall be further extended so as to release to the same extent all such employers of obligations not voluntarily assumed under the provisions of a code of fair competition approved by the President. This exemption is intended to relieve small business enterprises in small towns from fixed obligations which might impose exceptional hardship; but it is expected that all such enterprises will conform to the fullest extent possible with the requirements which would be otherwise obligatory upon them.

To Exempt Minor Business Enterprises

In view of general increases in prices which may or may not be justified in specific instances by increased costs caused by compliance with the President's reemployment agreement, or with approved codes of fair competition, the Administrator for Industrial Recovery is hereby directed to cause to be conducted such investigations as may be necessary to determine the extent to which manufacturers and producers have increased prices following, or in anticipation of, the approval of codes of fair competition, or after the signing of the President's reemployment agreement, and to set up adequate organizations for the handling of complaints against such price increases and of local complaints against retail price increases alleged to be contrary to the requirements of codes of fair competition, or the President's reemployment agreement, or in conflict with the policy of the National Industrial Recovery Act.

NOTE: Very early in the course of its administration, N.R.A. (see Items 79, 93, and 105 of this volume) was confronted by the problem created by the application of wage and hour controls upon very small and genuinely local enterprises in small communities. It appeared that the burden of compliance with the wage and hour provisions of the various codes upon this type of employer was apt to become too heavy. Such employers in small towns really did not run businesses of the type which gave rise to the necessity for wage and hour controls. Furthermore, the task of administration and of enforcing the wages and hours provisions with respect to such employers in these small towns was practically impossible.

Accordingly, by the foregoing Executive Order, an exemption was provided for employers falling within the described category, who did not voluntarily choose to comply with N.R.A. requirements with respect to wages and hours.

The Executive Order also took cognizance of the increasingly numerous complaints about allegedly unwarranted price increases as a result of N.R.A. codes. Pursuant to this Executive Order, an extensive inquiry into prices and price policies was initiated and ultimately led to clarification of certain important price policies of N.R.A.

A later Executive Order, No. 6710, May 15, 1934, modified the above Order, No. 6354. There were two principal changes: first, the inclusion of a stipulation that the ex-

Limiting N.R.A. Codes

emption was not available to employers who operated more than three establishments, this being designed to prevent evasion of responsibility by large chains of stores which might otherwise seek to take advantage of this exemption; second, the restriction of the exemption to such provisions (hours of

employment, rates of pay, minimum prices, and the collection of assessments) as would involve a genuine hardship for such small enterprises. Provisions against fraudulent advertising, for example, remained applicable to these otherwise exempted enterprises.

148 ¶ Regulations Limiting Effect of N.R.A. Codes upon Cooperative Organizations.

Executive Order No. 6355. October 23, 1933

IN A number of codes of fair competition which have heretofore been approved or submitted for approval pursuant to Title I of the National Industrial Recovery Act, approved June 16, 1933, there have been included provisions designed to limit or prohibit the payment or allowance of rebates, refunds, or unearned discounts, whether in the form of money or in any other form, and the extension to certain purchasers of services or privileges not extended to all purchasers under similar terms and conditions. Question has arisen as to whether provisions of such tenor do not preclude the payment of patronage dividends to members by bona fide and legitimate cooperative organizations, including farmers' cooperative associations, corporations, or societies, hereinafter designated farmers' cooperatives.

Pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, upon due consideration of the facts, and upon the report and recommendation of the Administrator, I, Franklin D. Roosevelt, President of the United States, do hereby order that no provision in any code of fair competition, agreement, or license which has heretofore been or may hereafter be approved, prescribed, or issued pursuant to Title I of the

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National Industrial Recovery Act, shall be so construed or applied as to prohibit the payment of patronage dividends in accordance with law to any member by any bona fide and legitimate cooperative organization, including any farmers' cooperative, duly organized under the laws of any State, Territory, or the District of Columbia or of the United States, if such patronage dividends are paid out of actual earnings of such cooperative organization and are not paid at the time when such member makes a purchase from such cooperative organization.

NOTE: Among the trade practices commonly forbidden by industries which were operating under codes was the practice of secret or indirect rebates and similar forms of discrimination. Some of the Code Authorities construed these prohibitions as limiting the right of members to sell to *bona-fide* cooperative organizations as they had been in the custom of doing. Their interpretation was that the patronage

dividends paid by cooperative organizations to their members were themselves secret and discriminatory rebates. To eliminate this misunderstanding and to obviate any obstacle to the development of *bona-fide* cooperative organizations, the foregoing Executive Order was issued. Later, on February 17, 1934, I issued a second Executive Order, No. 6606A, to cover the same subject more comprehensively.

149 ¶ Letter and Statement Formulating a Plan to Admit Non-Member State Banks to the Deposit Insurance Fund. October 23, 1933

The President sent the following letter to Mr. Jesse Jones, Chairman of the Reconstruction Finance Corporation:

THE attached statement explains the conclusions I have reached regarding the matter of preferred stock subscriptions to non-member State banks applying for admission to the Deposit Insurance Fund. We developed a good plan for dealing with the question of paying off as much as possible of deposits in the banks closed since January 1, 1933, and it is well started. I want

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to follow the same line in respect of the provision of capital to non-member State banks. I ask, therefore, that you suggest to your Board that they create a special Division of Cooperation with State banks and that Mr. Harvey Couch be designated to head this division. Sitting with him to recommend action to your Board, in addition to yourself, ex-officio, I have designated the following gentlemen:

Eugene Black, Governor of the Federal Reserve Board
Dean Acheson, Undersecretary of the Treasury
Lewis Douglas, Director of the Budget
J. F. T. O'Connor, Comptroller of the Currency
Walter J. Cummings, Chairman of the Board, Federal Deposit Insurance Corporation
Henry Bruere
Frank Walker

In this way all the different angles of Government contact with this question will be made available to your Board, and a responsible body made available for speeding up the work and making its recommendations to your Board for official action.

Sincerely yours,

The statement referred to in the above letter follows:

"We began last week through the Deposit Liquidation Board to distribute money to depositors in banks closed since January 1, 1933. There are about 3,500 of such banks.

"By making loans on the assets in liquidation up to an amount justified by liquidation we hope to distribute to depositors up to a billion dollars with the least possible delay. Where delays occur they will be due to lawsuits beyond our control and not to a lack of effort or readiness to help on the part of the Federal Government.

"The thawing out of frozen deposits will put money in the hands of thousands who desperately need that money to live on, and it will restore working capital and credit to business men

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and farmers all over the country. This drive to distribute frozen deposits is one of the major steps of the recovery program. I count on the cooperation of everyone concerned to get this job done and done quickly.

"Now we are taking another important step to help in the recovery of business and agriculture. Everybody knows that you cannot have business or farming carried on without a banking system to serve business and farmers. We are building up such a banking system. Ever since the bank holiday and the reopening under license of many thousand banks the Government has been at work on this. It has reorganized banks through the Comptroller's office and the Reconstruction Finance Corporation. Hundreds of banks have been put on a stronger basis. Recently the Reconstruction Finance Corporation has urged banks needing additional capital in order that they might give credit to business men and farmers to secure that capital by the sale to the Reconstruction Finance Corporation of preferred stock. This is already being done in many cases. But we hope that all banks will take advantage of this opportunity to put themselves in an easy cash position to help in the work of recovery.

"I repeat, banks are essential to the recovery. A bank can operate freely and with confidence in its future, only if it has a capital sufficient for the volume of business that it should do and can do as business speeds up. We need the banks and want them to have adequate capital. As a rule such capital cannot now easily be found in the communities. As recovery continues, such capital will be found. But in the meanwhile and temporarily but for such length of time as may be necessary, the Government will supply the necessary capital through the Reconstruction Finance Corporation in its purchase of preferred stock. The Reconstruction Finance Corporation will thus serve as a Recovery Finance Corporation.

"The banks must feel free to function well and the Government will help them prepare themselves to play their important part.

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“There is widespread response already from the banks to our invitation to cooperate in this way in improving the Nation’s banking facilities. This response is coming from all types of banks—the greatest as well as the small banks, and is coming from all parts of the country.

“To accept the Government’s offer to purchase preferred stock does not mean that a bank is weak but that it is eager to cooperate in the recovery effort to the fullest possible extent and thus undertake to put this additional capital to work. We are not thinking of idle capital. We are thinking of working capital—capital working for recovery.

“While this is going on we are getting ready to operate the new Federal Deposit Insurance Corporation. Automatically on January 1, all the national banks and State banks which are members of the Federal Reserve System will have their deposits insured up to \$2,500 for each depositor. The State banks, of which there are about 8,600 in the country which are not members of the Federal Reserve System will have their deposits insured in the same way if they apply for admission to the fund, and are accepted. I hope they will all apply. Under the law when they apply an examination must be made of their condition. That gives us the opportunity to do a very important thing in strengthening the banking structure, in which State non-member banks play such an important part.

“This opportunity is along the lines of giving these banks adequate working capital. It is well known that the Federal Government has no supervisory relation with State banks not members of the Federal Reserve System. We are getting our first official and general contact with them since the bank holiday through the new Federal Deposit Insurance Corporation. We want to take advantage of this contact for the benefit of the banks and the communities they serve by taking up with them at this time the question of the adequacy of their working capital. We want them to be able to do their part and if they find use for more capital to do their part well and comfortably we should do everything humanly possible to see that they get it. In other words,

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deposit insurance gives us the opportunity not only to protect depositors, but to make more serviceable our whole banking system. By doing that we shall bring a powerful force, an indispensable force, into action to speed recovery.

“There is a big job to be done in having the eight or nine thousand State banks apply and be examined and have their needs considered and acted on between now and January 1. The questions involved need to be considered from the standpoint of the recovery effort in general, from the banking standpoint, public welfare and the welfare of depositors and borrowers. This means that many decisions have to be reached wisely from all these angles and that an effort be put forth to promote the interest and cooperation of every bank in our program as well as that of all the State Governments. To facilitate this work I have suggested to the R.F.C. that they set up a special division for Bank Cooperation in Recovery and make recommendations to the Board for purchase by R.F.C. of preferred stock. This will be done and will follow the plan announced last week for dealing with closed bank loans. The head of this new division will be Mr. Harvey Couch, a member of the Reconstruction Finance Corporation Board, and serving with him on the Advisory Administrative Committee in charge of this effort will be Mr. Jesse Jones, the Chairman of the Reconstruction Finance Corporation Board, ex-officio, and the following:

Eugene Black, Governor of the Federal Reserve Board

Dean Acheson, Undersecretary of the Treasury

Lewis Douglas, Director of the Budget

J. F. T. O'Connor, Comptroller of the Currency

Walter J. Cummings, Chairman of the Board, Federal Deposit Insurance Corporation

Henry Bruere

Frank Walker

“Governor Black is to head a subcommittee on cooperation with member banks in this same effort.”

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NOTE: There had been previous efforts made by various States to institute some system of guaranteeing bank deposits in order to protect depositors from loss by bank failures. Between the years 1908-1917 different kinds of plans for that purpose had been inaugurated in eight States, but none of them had been successful. As early as 1886, efforts had been made to pass a statute in the Congress for some form of deposit guarantee or deposit insurance on a national scale. It was not, however, until the piling up of colossal losses by the failure of banks during the several years prior to 1933 that legislation was passed, aimed directly at the mitigation of losses through bank failures.

The Congress created the Federal Deposit Insurance Corporation for that purpose by the Banking Act of 1933, which was approved June 16, 1933. Under the Act the Federal insurance of deposits was to become effective January 1, 1934; and the first major task was to qualify banks for admission to the insurance fund. Member banks which had been licensed to resume business after the banking holiday under the Executive Order of March 10, 1933, No. 6073 (see Item 13 this volume) were automatically admitted; but non-member banks were thereafter permitted to join only upon certification of solvency by the respective State banking agencies, and after examination by the Federal Deposit Insurance Corporation.

More than 7,800 non-member

banks (85 percent of all such banks in the country) had applied for admission to the Fund and had been examined by the Corporation by January 1, 1934, when deposit insurance became effective. On that date 14,214 banks were admitted to membership, holding deposits of more than \$40,000,000,000 belonging to about 50,000,000 depositors. There was a limit of \$2,500 of insurance provided in the Act; and about 98 percent of the depositors and more than 40 percent of the deposits were fully protected within that limitation.

The next task of the Corporation was the strengthening of the capital structures of the insured banks. This was done by joint action of the State and Federal banking authorities and the Reconstruction Finance Corporation, by which the Reconstruction Finance Corporation invested almost \$1,100,000,000 in the capital structure of 6,000 banks. (See Item 139, this volume.)

The original insurance plan was to be temporary until July 1, 1934. On recommendation of the Corporation which I transmitted by letter of February 14, 1934, to Congressman Steagall, Chairman of the House Committee on Banking and Currency, recommending such extension, this temporary date was extended to July 1, 1935, by an Act (Public No. 362, 48 Stat. 969) approved June 16, 1934. This Act also raised the amount of insurance protection from \$2,500 to \$5,000 for each depositor in an insured bank,

Agreement in Captive Mines Dispute

effective July 1, 1934. The temporary plan was continued until the permanent plan was established by the Banking Act of 1935, approved August 23, 1935 (Public No. 305, 49 Stat. 684).

By this time 14,219 banks with deposits of \$45,000,000,000 were insured under the permanent plan.

From the beginning of deposit insurance through October 31, 1937, 166 insured banks went into receivership or were merged with the aid of loans by the Corporation. The

259,000 depositors in these banks with total deposits of \$68,012,000 were protected to the extent of \$64,467,000 or more than 90 percent of their claims. Only 595, or less than one-half of one percent of the depositors in suspended banks, were not fully protected against loss by this system of insurance. This record amply justifies the confidence which we placed in deposit insurance as an effective means of protecting the ordinary bank depositor.

150 ¶ An Agreement Is Reached to Settle the Labor Dispute in the Captive Mines. White House Statement. October 30, 1933

SUBSTANTIAL agreement was reached today between the President, General Hugh S. Johnson and the captive mine owners on the one hand and by the President, General Johnson and the United Mine Workers on the other hand.

This agreement provides a basis for the immediate reemployment of thousands of coal miners who are now idle if the following measures are put into effect:

Every mine which has an outlet for its product should be reopened and employees working when the mine last operated put back to work without any discrimination as to membership in any labor organization.

The check-off is conceded. A man may assign a deduction from his pay to whomever he desires.

The existing Appalachian agreement between the commercial mine operators and the United Mine Workers will fix the hours, wages and working conditions under which the men will go back to work and this will be posted at every mine.

Agreement in Captive Mines Dispute

A formal agreement which shall contain terms and conditions at least as favorable as the Appalachian agreement will be made between the captive mine operators and the representatives of their employees selected as follows:

When after the opening of any mine, in the opinion of the National Labor Board, orderly conditions have been restored and the protection of men working is assured, an election will be held under the exclusive regulation and direction of the National Labor Board and representatives will then be chosen for collective bargaining.

Such representatives may or may not be members of any labor organization and any officer, national, State or local of the United Mine Workers of America may be elected, and if elected the operators agree to negotiate with him to a conclusion on the following principles:

The representatives chosen by a majority will be given an immediate conference and separate conferences will be held with any representatives of a substantial minority. If no agreement with the majority representatives is reached in ten days the controversy will be immediately submitted by both parties to the National Labor Board for decision and both parties will agree to abide by the decision.

NOTE: This agreement was reached after considerable controversy between the operators and employees of captive mines (see Item 133, this volume).

The whole matter had to be submitted later to the National Labor Board for the holding of elections

to determine who was to represent the employees. Elections were held during the week of November 19, 1933. The United Mine Workers were elected as representatives in twenty mines and independent representatives in nine mines.

151 ¶ The Sixty-sixth Press Conference

(Excerpts). November 3, 1933

(Agricultural income improvement — Civil Works Administration plan — Government and industry.)

THE PRESIDENT: Quite a mob today.

Q. It must be the spring weather. They expect a good farm story.

THE PRESIDENT: I don't believe they will get any farm story.
Haven't got to it yet.

MR. DONALDSON: All in.

THE PRESIDENT: What is the news?

Q. That is what we want to know.

Q. Anything about gold, so that we can know what we are writing about?

THE PRESIDENT: No. Didn't Jesse Jones talk to you yesterday?

Q. He told us he knew nothing about it yesterday.

Q. And we believe him. *(Laughter)*

Q. He said that you were the only man who knew. *(Laughter)*

THE PRESIDENT: Then I guess nobody does.

Q. He said you did.

THE PRESIDENT: I don't know anything about it. . . . *(Laughter)*

Q. Can you tell us something about your attitude toward the price-fixing proposals talked about in the last few days?

THE PRESIDENT: I don't know exactly what you mean by "price-fixing proposals." Perhaps I can talk to you for just a minute off the record again so that I can give you some idea of the results of our program in agriculture.

Well, let's start, say, in the South, where a year ago the cotton growers got around 4½, 5, 5½ cents for their cotton. This year they made a pretty good crop, even after they had plowed a portion of it under; and, of course, they did get paid for that portion they did plow under. So, from the cash point of view, they are very distinctly better off this year. They got nine or ten cents for cotton where, last year, they got not much over half that amount.

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So, while we don't think that cotton is high enough yet on a parity basis, we think it is a pretty good job for a year. Undoubtedly the purchasing power in the South has tremendously increased. That is illustrated by the remark that General Wood of Sears Roebuck made to me the other day. The reason I keep this off the record is that I don't want any of these people whom I quote approached. Sears Roebuck sales in the country dropped off about this time last year; but Sears Roebuck sales in the South this year have gone up considerably, showing a very definite increase in purchasing power on the part of the agricultural communities—and the South is, of course, primarily agricultural. For instance, in the State of Georgia, Sears showed an increase of 120 percent over the corresponding month of 1932. That is just an illustration to us that we are coming along in a satisfactory way this year, although we hope that next year we shall get a higher price than 10 cents for cotton. That, however, we cannot talk about because it is next year; we don't know what the economic conditions will be.

Then, Number 2, the tobacco-growing part of the country. There, because of the agreement we entered into, the tobacco farmers are getting 17 cents, I think it is, for their tobacco. Their purchasing power has gone up relatively even more than that of the cotton farmers. Ninety-seven percent of them have signed up on acreage reduction for next year; and the five big tobacco companies that do the buying of the tobacco have guaranteed a price of 17 cents for the average of this tobacco for the balance of this crop, which means about three-quarters of the crop which has not been sold. That is a very large increase in the actual price to the tobacco farmer, so he is getting along pretty well this year.

Then you come down to certain other sections. Take, for instance, cattle. Cattle are very bad. Cattle, of course, were not included in the A.A.A. They were left out at the suggestion of the members of the Congress from the cattle country; and we have been able to do practically nothing in regard to cat-

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tle. They are very nearly at the low point; and it is a serious thing.

Take the case of wheat. Taking it by and large through the wheat belt, the farmer is getting pretty nearly twice what he got last year for his wheat. But he has had a very, very short crop; and if, as in many cases, he only has had half as much wheat to sell off his farm as he had last year, it does not help him an awful lot to get twice as much money per bushel for it. So, from the cash point of view, the wheat farmer has not felt nearly so great a return toward prosperity as the cotton farmer and the tobacco farmer.

In the case of corn and hogs we are up against one of the most difficult problems that anybody could face; because it is not just a case of a crop, it is a case of a crop plus a thing that the crop goes into. In other words, there are two factors and we have laid down what might be called a two-headed program which calls for a reduction in the number of hogs that will be fed next year, for a processing tax which will pay for the reduction in hogs and, at the same time, for purchase by the Government of just as many hogs as we can possibly use for relief purposes in order to cut down the tremendous surplus that exists in hogs at the present time.

Now, of course, there is always the other added difficulty in the case of hogs. Hogs are perishable. Wheat and cotton are not. Hogs have to be taken care of within a certain definite number of months. Wheat and cotton you can carry from year to year. What we hope is that we shall be able to get the price of hogs up in the course of the winter; but that is not a guarantee that we can do it at once. There, again, there hasn't been an adequate return and therefore a resumption of purchasing power in the corn-hog section of the country. It is not so good.

Then you come to another major crop, which is dairying. The actual price today in the dairy end of things is much nearer parity than it is in the case of corn or hogs or wheat. In the case of corn and hogs it is less than half of parity; in the

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case of dairying it is only down about 25 percent below parity. They have had some return of purchasing power, but not enough. There again you have a double thing. You have perishable products—milk and cream—and non-perishable—cheese and canned milk and things of that kind. You have the regional problem because of the use of milk and cream within regional areas.

We are proceeding along the lines of the regional plan which we started in New York State about four years ago. I think they have signed the New England Regional Agreement with the expectation that that will give materially higher prices in that particular region. They are working on a number of regional agreements which ought to increase the price of milk, at least to the dairy farmer. That, again, like corn and hogs, is a very complex problem; and we haven't by any means solved it yet. I might as well be quite frank—we hope that things will get better, and we are working on the problem as fast as we can.

When you get to the question of price fixing, it depends on what you call "price fixing." In the case of cotton, we may do it by lending a certain amount of money up to a certain number of cents per pound; for corn in the crib we have done the same thing. On the other problem of regions—in some sections of the country if the farmer can get, well, let us say 70 cents for his wheat he will do fairly well, whereas in other sections of the country if he gets 70 cents he will go broke. Well, can you have one price in one section and another price in another section? There are a great many different problems that enter into it. . . .

I don't know that there is any particular story in this. I am trying to give you gentlemen a view of the situation—on the major situation. Things are pretty good in some sections and pretty rotten in other sections. . . .

Q. Mr. President, there is a report that some very big or special relief program has been proposed at the White House. Have you heard anything like that, sir?

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THE PRESIDENT: That is true and it is not true. What you are talking about is this—I don't see why you shouldn't use it and simply say that it is under discussion at the present time.

Out of the total number of people who are now on the relief rolls in the country which, as I remember it, is slightly over five million—five and a half million—

Q. Fifteen million.

THE PRESIDENT: That includes the members of their families. It is about five and a half million individuals or heads of families that are receiving relief. Out of that number, about one half—nearly half—about two and one half million are engaged in public works of various kinds; in other words, they are receiving what we call work relief. They are being paid in cash for the work that they do on all kinds of public works.

Now, the suggestion has been made that if the public works fund of three billion three hundred million could take over 30 percent of the total cost of these public works which are now being financed altogether by States and municipalities, if the public works fund could take over the 30 percent which they subscribe to other forms of public works in that fund, it would be possible to take all of these two and one half million people who are now counted as being on the relief rolls—take them off the relief rolls altogether.

Q. And put them to work?

THE PRESIDENT: Continue them on their present work, but give them a little more work so that, for example, the man who is working two days a week and getting ten 'dollars would get three days. Suppose he is a skilled man, a five-dollars-a-day man working two days a week for ten dollars; he would be given work three days a week and would get fifteen dollars, so that he would be actually getting wages instead of work relief.

There is a great deal to be said for it. It represents a slight additional cost to the Federal Government in one sense. However, it is not any additional cost in the other sense, because it comes out of the three billion three hundred million just as much as if that were allocated to some other public works on

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a 30 percent basis. But the main point is that it takes two and a half million people off the relief rolls; and there are a lot of people that would rather be off those rolls and working for cash than have their names on the rolls getting relief. It adds to the self-respect of the country, and we are trying to find out whether a plan of that kind is a feasible thing to do. It would cut the number of families on relief very nearly in half.

Q. Aren't they doing that to some degree now?

THE PRESIDENT: They are doing that to a slight degree at the present time.

Q. I am a little stupid. How do you take those two and a half million off the rolls? That is what I don't get.

THE PRESIDENT: Let me give you a very simple example: Suppose you have been out of work for a long time and have to have relief, and suppose you are a five-dollar-a-day man with some kind of trade. You have to go and apply for relief. You are out of a job — your family starving. They say, "All right; go over there to that particular park where we are trying to clean up by putting in new sidewalks and fixing it up. We will give you two days a week work and pay you ten dollars." You are on the rolls. You and your family are on the public rolls and they give you ten dollars a week. On the new basis you are employed three days a week and you are taken off the relief rolls entirely.

Q. Who pays for it, the Federal Government or the State?

THE PRESIDENT: It means today you work two days and get \$10. Out of that the city and State pay two-thirds and Harry Hopkins the other third. On the new basis you get \$15 and of that \$15, 30 percent would come from Harold Ickes as Public Works Administrator, 30 percent of the \$15. The other 70 percent of the \$15 would be divided, as it is today, among the State and the municipality and Harry Hopkins. Is that clear?

Q. Yes. . . .

Q. What do you think of the Swope plan?

THE PRESIDENT: I think it is very interesting. There were two very

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good things in the papers this morning. Let us talk off the record again. One was the editorial in the *Wall Street Journal*. It is very good and very clear. The other story, which was very good, contained some excerpts from the speech that Arthur Krock made yesterday. And they both fitted in very well together, and they are both very sensible.

For instance, the *Wall Street Journal*—I have just marked a couple of things here—the *Wall Street Journal* says that Mr. Swope evidently accepts this as an inescapable condition of the times. So does President Harriman of the United States Chamber of Commerce and so does Floyd Carlisle, if one may judge from his speech to the Bankers Association. Then Arthur Krock, in his speech in Toronto, carries out the same theory, "A plan, economic in form," he said of the program, "has been enlarged and fashioned into an instrument of social welfare. Its precise aim is to restore the normal flow of trade, raise prices and reduce unemployment.

"But its larger objective is to bring comfort and living security to the greatest number of people. Whether or not you believe it is wise, just, or can work, you should judge it on that basis."

And then he said, further on, "those in charge of our Government policies at this time are not complacent. The sufferings of society are uppermost in their minds, and what they are trying to do is to relieve these through new economic measures."

Now, of course Mr. Swope's plan is a very interesting theoretical suggestion in regard to some ultimate development of N.R.A. Probably there will be, in the course of the next two or three months or four months about 499 other plans looking to the future development of this economic and social experiment called N.R.A. And I think that all the discussion that there is about it is to the good. It does not harm at all because ultimately the mere — what might be called the temporary — mechanics of N.R.A. we have seen going on these past few months will develop into something permanent. It will have

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the twofold object of preventing the tremendous economic swings of the past with a certain amount of pseudo-prosperity at the top and great suffering at the bottom, running down to the depression period when everybody is suffering. Trying to build on that should prevent recurrences of the swings and should encourage certain amelioration of the conditions suffered by the people at the bottom.

Q. Do you think the present is the time for the change suggested?

THE PRESIDENT: No change at this time. We still have to work on N.R.A.

Q. It would be a question of months?

THE PRESIDENT: At least, yes.

Q. Do you think the Government should keep control over that ultimate organization or machine for this objective you have outlined?

THE PRESIDENT: The easiest way to answer that is to ask you a question: Do you think that industry is yet able to run itself? That is the simplest answer.

Q. Do you want my answer? No.

Q. General Johnson said it would not do at all.

THE PRESIDENT: There is a lot so new from the point of view of Government and industry, that industry has to develop along all kinds of lines in order to make itself capable of running itself. They are only beginning. They have never attempted before these new conditions they are trying today.

Take, for instance, shoes. We have enough machinery in the country to turn out 900 million pairs of shoes—shoe factories that can turn out that many shoes—and we use in this country only about 300 million pairs of shoes. Now, is the shoe industry, as an industry, capable with absolute fairness to every individual, of handling the problem of the excess manufacturing capacity, and at the same time of not preventing the improvement of the shoe industry as a manufacturing unit? Now, we don't know. They have only just begun. At the same time, Government isn't infallible by any means. Government

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is only beginning to learn a lot of these new tricks. We are all going to school.

Q. Do you think we will reach such a top?

THE PRESIDENT: It will never be a top, but better than in the past.

Q. Do you think the industrial magnates will give us a square deal?

THE PRESIDENT: That all depends on the future. . . .

NOTE: With reference to the special relief program mentioned in this Press Conference, see Items 155 and 155A of this volume.

152 ¶ Message from the President to Be Read at Dedication of Monument to Marshal de Rochambeau. November 7, 1933

IN THE calendar of history there are days not like other days. Whenever we commemorate in the United States the decisive action of the War of Independence, we are both happy and proud to recall that more than one French regiment also has the right to bear on its colors the name of Yorktown. In the course of time American regiments have won the right to bear on their own colors the names of towns in France. But it was Yorktown that first set the seal on this long association; nor are we the last to recognize that the honors of Yorktown were in no small part due to the character and genius of the future Marshal of France who commanded our allies of 1781.

“As long as liberty shall be considered of value, this event must perpetuate our gratitude, while it associates your fame with that of General Washington. To preserve in troops far removed from their own country the strictest discipline, and to convert into esteem and affection deep and ancient prejudices, was reserved for you; and this praise is all your own.” Thus wrote the people of Maryland in 1783 to Lieutenant General Count de Rochambeau, on the eve of his sailing from Annapolis. He was General Washington’s senior in years and in military experience.

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A smaller-minded man could never have adapted himself to the unified command of Newport and Yorktown. But Count de Rochambeau possessed, above force, wisdom, and tact, the simplicity of greatness. The two generals took each other's counsel, they made the most of their immortal opportunity; they became friends. As long as General Washington lived they continued to write to each other, with a warmth which one does not always expect of warriors.

Marshal de Rochambeau is one of the glories of France; but we of the United States also claim our part in him. I feel it a duty and an honor to speak for my country in paying tribute to the memory of the great man and famous soldier whom you so fittingly commemorate.

153 ¶ Presidential Statement on Negotiations over the British War Debt to the United States.

November 7, 1933

FOR some weeks representatives of the British Government have been conferring with representatives of this Government on the subject of the British debt to this country growing out of the World War. The conversations were requested by the British Government in its notes of last June and December, a request to which I gladly acceded in view of the policy which I announced in November, 1932, that a debtor may at any time approach a creditor with representations concerning the debt and ask for readjustment of the debt or its terms of payment.

The conversations, now concluded, have in no sense prejudiced the position which either Government has taken in the past or may take in any subsequent discussion of the entire debt question. They have, however, given an opportunity for a full and frank discussion of the representations which the British Government has made.

These discussions have made clear the great difficulty, if not

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impossibility, of reaching sound conclusions upon the amounts of international payments practicable over any considerable period of time in the face of the unprecedented state of world economic and financial conditions.

It has, therefore, been concluded to adjourn the discussions until certain factors in the world situation—commercial and monetary—become more clarified. In the meantime, I have as Executive noted the representations of the British Government. I am also assured by that Government that it continues to acknowledge the debt without, of course, prejudicing its right again to present the matter of its readjustment, and that on December 15, 1933, it will give tangible expression of this acknowledgment by the payment of seven and one-half million dollars in United States currency.

In view of these representations, of the payment, and of the impossibility, at this time, of passing finally and justly upon the request for a readjustment of the debt, I have no personal hesitation in saying that I shall not regard the British Government as in default.

Coincident with the issuance of the President's statement in Washington, The Right Honorable Neville Chamberlain, Chancellor of the Exchequer, addressed the House of Commons in the following terms:

“The discussions in regard to war debt have been concluded.

“It has unfortunately not proved possible to reach an agreement for a final settlement. His Majesty's Government recognize however the difficulties which exist at the present time by reason of the unsettled economic and financial situation and they have accordingly informed the United States Government that they are prepared to make on December 15th next a further payment of seven and a half million dollars in American currency in acknowledgment of the debt pending a final settlement. His Majesty's Government have stated that they are ready to resume negotiations on the general question whenever after consultation with the President it may appear that this can usefully be done.

“President Roosevelt is making a statement in Washington today in regard to the discussions. After briefly referring to the origin and the result of the conversations the statement concludes as follows:”

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(Note: The Chancellor of the Exchequer, at this point read from the statement issued by the President beginning, "It has, therefore, been concluded," and continuing to the end.)

154 ¶ The Sixty-seventh Press Conference (Excerpts). November 8, 1933

(Strikes and labor disputes.)

* * *

THE PRESIDENT: Yesterday, at the Council meeting, the Secretary of Labor reported that—and for the long-faced gentry throughout the country this will come as a terrible shock—a survey of industrial disputes, made on a basis of comparisons with the last previous comparable period, 1921, when we were beginning to snap back out of the post-war depression, shows that in the six summer months of 1921 there were 1,453 strikes and lock-outs, and in 1933 there were 900. In the 1921 period 895,000 employees were involved in those strikes and lock-outs. In the same period this year 584,000 were involved. The Secretary of Labor said that this indicates, of course, that there is no need for the public to become in the least bit alarmed over present disputes. On the basis of man hours, the number of actual working hours involved, the comparison is even more favorable because, of course, in 1921 the average day's work was a great deal higher than it is today. . . .

Q. Did the figures you referred to, were they the same that Miss Perkins gave out about a week ago?

THE PRESIDENT: I don't know; she brought them in to the meeting.

Q. The *Annalist*, in commenting, said that the figures of the Labor Department, while they are correct, failed to show that the strikes were rapidly rising in number in 1933, during the last three months, while they were decreasing in 1921 and that the number in 1933, during the last few months, was really larger than the number in 1921.

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THE PRESIDENT: Well, let's give the other side in order to make it fair. That statement of the *Annalist* may be perfectly true, but, on the other hand, this year there were a great many strikes that were called for what might be called "test purposes," in order to get an immediate entrance of the National Labor Board into the situation. They were what might almost be called "friendly strikes." To give you an example, take the strike two months ago by one of the garment unions in New York City. That strike, you might almost say, was called by agreement between the decent employers and the Union in order to lay down certain rules and create an agreement to eliminate the sweatshop conditions in New York City.

Now, I suppose that the *Annalist* might figure that that was a very, very large strike affecting 40,000 people. I don't know that the word "strike" really applies to that kind of cessation of work. It is done with a distinct objective, agreed to by the employers and the employees. Is it a strike? I raise that question.

Then there is another thing which must be remembered always. In periods of rising prosperity and greater employment you always have an increase in the number of strikes. That is due to the very obvious human reason that an individual who is employed when unemployment is rising doesn't strike if he can possibly help it because if he strikes and fails he has no chance to get a job. He is thinking about the food for the family the next day. Therefore it is a pretty encouraging thing to see people who have the guts to stand up for their own rights; and it means that they feel that they can get employment somewhere else if they are thrown out. . . .

155 ¶ White House Statement and Executive Order Creating Civil Works Administration to Put 4,000,000 Unemployed to Work.

November 8, 1933

FOUR million men now out of employment will be put to work under a plan announced today by the President.

Two million of these will become self-sustaining employees on Federal, State and local public projects on November 16th, and will be taken completely off the relief rolls. An additional two million will be put back to work as soon thereafter as possible.

This plan will be administered by the newly created Civil Works Administration. The President today appointed Harry L. Hopkins, as Administrator.

The Civil Works Administration will be financed jointly by funds from the Public Works Administration and the Federal Emergency Relief Administration, but States, cities, counties and towns will be required to provide the funds to meet their share of the Civil Works program.

Secretary Harold L. Ickes, Public Works Administrator, was prepared to make available an amount up to \$400,000,000 to the Civil Works Administration.

The two million men comprise those now on work relief provided by local relief administrations operating under the State and Federal Emergency Relief Administrations. These will immediately be placed on regular pay at the hourly rates prevailing for similar work in the community. The program contemplates a thirty-hour week for the workers.

Work relief divisions of the existing State and local emergency unemployment relief administrations will be modified to perform the expanded employment activities and will be known as Civil Works Divisions.

Creation of the new agency constitutes a fundamental change in the Federal program to deal with unemployment aspects of the depression. It will remove from the relief rolls a major por-

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tion of those receiving the necessities of life on the basis of public aid and place them on regular employment. It is designed to remove from relief all employable persons. Those hired by the Civil Works Administration will benefit by an immediate increase in income over their former relief allowances.

The projects on which the workers will be used will include not only the type on which work-relief is now being given, but also a wide range of employment in activities bordering on but not covered in the province of the Public Works Administration. This expanded field will enable the local Civil Works Divisions to undertake considerably more construction and to use greater quantities of construction materials. Work relief has been limited almost entirely to work involving a minimum of materials, since expenditure of emergency relief funds under this method was necessarily confined to relief allowances in the form of work-relief wages.

Approximately 3,000,000 families are now being cared for throughout the country by public relief administrations financed in whole or part by Federal emergency relief funds.

Approximately 2,000,000 adult members of these families are earning relief in the form of wages for part-time employment on made-work projects. The total amount earned by the members of any one family is less than \$20 a month in most of the localities.

By this one stroke at least two-thirds of the families in the country now receiving relief will be placed on a self-sustaining basis.

155A ¶ Executive Order No. 6420B Which Was
Accompanied by Preceding Statement.

November 9, 1933

BY VIRTUE of the authority vested in me under Title II of the National Industrial Recovery Act of June 16, 1933 (Public No. 67, 73d Congress), and for the purpose of increasing employment quickly:

(1) I hereby establish a Federal Civil Works Administration, and appoint as Administrator thereof the Federal Emergency Relief Administrator, as an agency to administer a program of public works as a part of, and to be included in, the comprehensive program under preparation by the Federal Emergency Administration of Public Works, which program shall be approved by the Federal Emergency Administrator of Public Works and shall be known as the "civil works program."

(2) The Federal Emergency Relief Administrator, as the head of the Federal Civil Works Administration, is authorized to construct, finance, or aid in the construction or financing of any public-works project included in the civil works program and to acquire by purchase any real or personal property in connection with the accomplishment of any such project and to lease any such property with or without the privilege of purchase.

(3) The said Administrator is further authorized to appoint without regard to the civil service laws or the Classification Act of 1923, as amended, and fix the compensation of such officers, experts, and employees, and prescribe their duties and authority and make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, binding, and printing), as may be necessary to carry out the purposes of the Federal Civil Works Administration and, with the consent of the State or municipality concerned, may utilize such State and local officers and employees as he may deem necessary.

Creation of Civil Works Administration

(4) For the purposes of this order, there is hereby allocated to the Federal Civil Works Administration the sum of \$400,000,000 out of the appropriation of \$3,300,000,000 authorized by Section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public No. 77, 73d Congress).

NOTE: The purposes and objectives of the Civil Works Administration (popularly known as C.W.A.) were to provide some 4,000,000 unemployed persons with short-term employment on small public works projects during the winter months of 1933-1934.

I decided to initiate this program at this time for a number of reasons: Relief needs continued with increasing seriousness as the winter months came on. The sharp business revival of the summer months had ceased; and, indeed, a reaction had set in. The relief rolls which had declined sharply from March, 1933, had begun to rise again in October, 1933. The Public Works Administration (P.W.A.) had not been able by that time to commence a very extensive program of large public works because of the unavoidable time-consuming process of planning, designing and reviewing projects, clearing up legal matters, advertising for bids and letting contracts. The local work relief activities being financed by F.E.R.A., State, and local funds were too often concerned with projects of little or no value, were almost exclusively undertaken by unskilled manual

labor and were generally of low efficiency.

I came to the conclusion that by shifting to this new C.W.A. program 1,500,000 people employed in local work relief activities, and other employables who were then on direct relief, a great quantity of purchasing power could be injected into the economic system in a short time; that the direct relief rolls would be greatly reduced; and that adequate wages for useful projects would be substituted for inadequate pay on work of little value. C.W.A. was to establish minimum hourly rates of pay; but was to pay prevailing rates where prevailing rates exceeded the minimum, although the hours of work in such cases would be limited.

Accordingly, by means of the foregoing Executive Order, issued pursuant to Title II of the National Industrial Recovery Act, I created the Civil Works Administration. (See also Press Conference of November 3, 1933, Item 151, this volume.)

Its organization and operation was essentially different from that of the F.E.R.A. The F.E.R.A. was mostly a State and local program,

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loosely supervised and in part financed by the Federal Government, but actually administered and exercised locally. The C.W.A. was, however, completely operated, and 90 percent financed by the Federal Government. The head of it was the Civil Works Administration in Washington; and its authority was exercised through its subdivisions, the State, county and city C.W.A.s. All of the State Civil Works Administrations, however, were appointed by the Federal Administrator, and were actually sworn Federal officials.

In many cases, the State emergency relief administrators and their staffs were appointed as new C.W.A. officials. This procedure was followed down to the local relief administrations; and in this way many existing facilities and a great deal of existing personnel were put to use immediately, so that work could be begun with the haste which was so essential.

The program was officially started at a conference of C.W.A. administrators on November 15, 1933, at which I made a speech, printed as Item 161, this volume.

A week later (November 22, 1933) I publicly urged all banks promptly to cash C.W.A. checks which were all ready to be issued. At the end of that week, as an indication of the speed with which the program was initiated, checks were already issued to 814,511 workers in a total amount of more than \$7,500,000.

By the end of November more than 1,500,000 persons were at work

on C.W.A. projects, and during the week ending January 18, 1934, the C.W.A. reached its peak of 4,263,644 workers earning more than \$64,000,000 per week.

The C.W.A. was not designed as a continuing program. By the end of March, 1934, it was largely terminated, despite widespread pressure to make it permanent. During its brief life of four and a half months, the C.W.A. operated 180,000 work projects and expended over \$933,000,000, of which 79.3 percent, or more than \$740,000,000, went directly into wages and salaries for the workers. In addition, private industry had benefited by the purchase of more than \$115,000,000 worth of materials for these projects.

The character of C.W.A.'s physical accomplishments will be discussed later in a summary of all improvements and services carried out by relief workers in the work relief program.

C.W.A. was relatively costly, when compared with the F.E.R.A.; and as soon as its prime purpose was believed to have been served, it was abandoned in favor of a work relief program hiring only destitute unemployed on a budgetary deficiency basis. The step was taken as a matter of economy. A discussion of the work relief program which followed the liquidation of C.W.A. appears in Item 31 of Volume III.

In evaluating the benefits of C.W.A. there must be taken into consideration the 1933 necessity for

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such a program, the speed with which it was inaugurated, and its quick termination within five months. The sudden announcement of the program made careful planning and efficient operation difficult. The brevity of the program made it difficult to start and to finish many worth-while projects. As a whole, however, C.W.A. was an immense help to municipalities in general. Most of its work was done in urban areas, helping the unem-

ployed, completing many useful projects and helping local business by means of the new purchasing power it provided. It was also an invaluable experience in extensive work relief, which proved to be of great assistance in the later F.E.R.A. work relief and W.P.A. programs. It provided definite proof that an extensive work program could be quickly and profitably undertaken with benefit to the communities and to the unemployed.

156 ¶ White House Statement on the Conference of American States in Montevideo — A Practical Expression of the Good-Neighbor Policy. November 9, 1933

FINAL plans were approved today for the participation of the United States delegation in the Conference of American States to be convened December 3 in Montevideo, Uruguay, the seventh of a continuing series of conferences among the neighbor American Republics for promoting good-will and better communications.

President Roosevelt regards the meeting to be of such importance in increasing understanding and accord among the American States that he has directed Secretary of State Hull to attend in person. Mr. Hull not only will participate in the sessions at Montevideo, but will avail himself of the opportunity to stop at the regular steamship ports of call on both coasts and visit the capitals of several other Latin American countries which he hopes may include Mexico, thereby establishing contact and personal relations with their statesmen.

The official delegates are announced herewith. The complete delegation and its staff is as follows:

On the Conference in Montevideo

The Secretary of State, *Chairman of the Delegation*
Assistant to the Chairman, Mr. Hugh S. Cumming, Jr.
Delegates:

Mr. Alexander W. Weddell of Virginia, American Ambassador to Argentine

Mr. J. Reuben Clark of Utah, formerly American Ambassador to Mexico

Mr. J. Butler Wright of Wyoming, American Minister to Uruguay

Mr. Spruille Braden of New York

Miss Sophonisba P. Breckinridge of Kentucky

The delegation will sail from New York on the *S.S. American Legion* on Saturday.

In approaching the problems of the conference, the Administration has given careful and hopeful study to means of contributing some practical expression of President Roosevelt's good-neighbor policy.

This study has brought the conviction that no matter what advantageous arrangements are made ultimately, such arrangements will lack full effectiveness in increasing neighborly contacts and trade unless there is betterment in the rapidity of communications and transportation. Such betterments will have an actual value in bringing the two continents even closer together.

At present, for example, as long as the German dirigible now travels from Europe on a regular schedule to South America in sixty hours, while steamship travel to Montevideo from New York requires more than two weeks, the United States will be more and more at a serious disadvantage as air travel increases.

Therefore, it is the intention of the United States to urge upon the conference that the section of the program relating to transportation be taken up as one of the early subjects.

It will be the policy of the United States to work out, in collaboration with the other Governments, an exploratory program looking to the immediate acceleration of improvements in all

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four forms of transport and passenger travel — by air, highway, water and rail.

Though motor roads would carry considerable freight traffic, they also would greatly increase tourist travel and greatly benefit a better Pan-American understanding.

For some years an inter-American Highway Commission has considered in theory a road that would lead from this country to the tip of the Southern continent. Recent studies have shown that, except for a small stretch lying in Costa Rica, the completion of such a road from the United States to Panama within a year after full agreement by Mexico and the Central American Republics would be entirely feasible with the cooperation of the neighbor Governments.

An 8,750-mile highway from the Texas border to Santiago, Chile, would require only half as much road building as will be undertaken in the United States this year under the Public Works program.

Such a system, if constructed of concrete, would call for 45,000,000 barrels of this material, or one-third of the total present output of this country.

The immediate program proposed by the United States therefore is to have a proper scientific survey made of the contemplated route at a cost of less than \$500,000.

President Roosevelt has indicated that he will recommend to Congress that the United States bear the entire immediate cost of this most important survey, later on asking the other Governments to share in the costs of the project. This initiative by the United States has been decided upon as a means of giving early impetus to the proposal. The survey would of course be conducted only with the full approval and cooperation by each of the Republics interested.

As to rail transportation improvements, the Administration has taken under serious consideration the means of providing necessary funds for field studies looking to the development of a new proposed route as a substitute for the original road the east line of which traversed a rich, undeveloped territory east of the

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Andes, and extending to Buenos Aires. It is the conviction of the Administration that great possibilities lie in this development but that the most careful studies should precede the final determination of the cost and other questions. Meanwhile, while it is theoretically possible to carry freight from New York to Guatemala it is impractical because of impossible grades and varying rail gauges which make the establishment of a standard gauge a prime requisite of inter-continental connections.

The present mail subventions in the nature of subsidies should be readjusted to a strictly business basis that would be free from such abuses as have been known in the past. The general public would better understand a bald subsidy as a substitute for mail subsidies which are disguised at present as mail subventions. Congress may well be asked to act accordingly.

Air travel possibilities are immediate for both express and passenger service. Private companies already have developed large planes which make regular trips around the coastal line of South America. But, unfortunately, owing to lack of beacon lights and to this alone, these planes can travel only by day and the trip takes seven days from Miami.

By providing lights, it is possible to cut down the present travel time of seven days from Miami to Buenos Aires, for example, to a little more than two days. Passengers, mail and express — up to 15,000 pounds — can now be carried. With lights, a fast mail and express plane could go from New York to Buenos Aires in two and one-half days and a more comfortable passenger service could be operated between those points on a three-day schedule.

The policy of the United States in this respect will be, in collaboration with the other Nations, again to offer the initiative, by offering any necessary financial support for the lighting of these airways to the fullest practicable extent. Congress will be asked to stand behind this policy.

Otherwise, the conference at Montevideo will proceed to discuss a program prepared for the unavoidably postponed conference of two years ago. However, since that time internal economics in nearly every country concerned have made necessary

On the Conference in Montevideo

certain temporary policies regarding a number of important phases of economic and trade conditions which will obviously render impracticable at this time useful conclusions as to some items on the old agenda.

It is understood, of course, that when the temporary conditions necessitating emergency policies have passed, the United States will take up these items in accordance with the original program. Meanwhile, unsettled conditions, such as European commercial quota restrictions, have made it seem desirable for the United States to forego immediate discussions of such matters as currency stabilization, uniform import prohibitions, permanent customs duties and the like.

Otherwise, the conference, subject to the wishes of the delegates, will undertake to deal with the extensive agenda which includes such important subjects as the organization of peace, international law, the political and civil rights of women, uniform legislation respecting bills of lading and exchange methods, social problems, intellectual cooperation and the best means of profiting from results of Pan-American conferences.

Though not on the agenda, it is probable that the question of radio communications will be taken up with a view to their improvement.

NOTE: This Conference was the seventh International Conference of American States. This was the first time, however, since the inauguration of this series of conferences that the Secretary of State of the United States was personally present as a delegate. Not only did Secretary Hull attend this Conference, but on his trip to and from Montevideo, he took occasion to visit Brazil, Uruguay, Argentine, Chile, Peru, Ecuador, Colombia, and Panama.

This Conference provided an excellent vehicle, not only for the

proper application of the new good-neighbor policy of the United States, but also to induce the other Nations of Central and South America to adopt and follow a similar policy.

I have already spoken of the attitude of mistrust and suspicion existing among the twenty-one Republics in America before March 4, 1933. The first objective of our delegates at this Conference was to tear down what was left by this time of the wall of misunderstanding and prejudice between our-

The Sixty-eighth Press Conference

selves and the other Republics, and to eliminate entirely any traces of enmity and resentment by their people toward us.

I believe that the attitude and acts of our delegates at Montevideo

were successful in convincing the other Nations of our sincerity and determination to remain a good neighbor.

(For other results of this Conference see Item 180, this volume.)

157 ¶ The Sixty-eighth Press Conference (Excerpt). November 10, 1933

(Capital punishment.)

* * *

Q. There is agitation for abolishing capital punishment in the District of Columbia. I would like to know your views on the subject.

THE PRESIDENT: That was asked me for four years while I was Governor of the State of New York. Probably the easiest way of putting it is that it is a legislative matter. My own personal belief is that I would like to see capital punishment abolished throughout this country, but, on the other hand, every law enforcement officer with whom I have ever spoken — not every one but the overwhelming majority of them — believes that capital punishment is a definite and distinct deterrent of murder. It is, primarily, a legislative matter.

I am in the unfortunate position here, as I was in Albany, of having to pass on the question of the death penalty; it is the most disagreeable function that a Governor or the President has to perform.

I think that covers the whole thing in as few words as possible. . . .

158 ¶ The First Joint Statement Issued by the President and Mr. Litvinov of Russia.

November 10, 1933

THE President and Mr. Litvinov reviewed the questions between the two countries which had previously been discussed between the Secretary of State and Mr. Litvinov.

These conversations with the President and with the State Department will continue in normal course.

(See Item 144, this volume.)

159 ¶ The President Appeals for Support of the Red Cross Roll Call. November 11, 1933

WHEN our people in any section of the country are faced with the perils and suffering which follow so swiftly in the wake of disaster, they look with one accord to the American Red Cross for instant and efficient relief. They have never looked in vain.

Those of us who are willing to lend a helping hand in time of emergency to others less fortunate than ourselves look to this great national relief agency as our representative in the hour of need. It does not disappoint us. It is an historic institution closely allied with your Government, and its President is always the President of the United States.

Just now the Red Cross is asking every adult American to lend his or her support to Red Cross service through individual memberships. The record of the Red Cross is one we may all be proud of. In the past year sufferers of one hundred and seventeen disasters have been cared for. Five million families have benefited by distribution of relief materials. A million Americans have served as volunteers under the Red Cross banner.

I earnestly urge you to respond most generously to the annual Red Cross roll call. We must do our part to keep the Red Cross ready, day or night, for service.

The Committee on Commercial Policy

NOTE: Statements similar to the foregoing were made by me during the membership drives of the Red Cross which took place each year during my Administration.

In addition, I annually urged

public support of the sale of Christmas Seals for the Prevention of Tuberculosis by the affiliated tuberculosis associations throughout the country.

160 ¶ A Letter Creating the Executive Committee on Commercial Policy. November 11, 1933

My dear Mr. Secretary:

IT APPEARS to me that the growing complexity of American commercial relations with foreign countries requires a new step in the systemization of the handling of these relations. This new step in systemization is dictated by two sets of circumstances:

(1) Under the Administration's program of recovery numerous departments are assigned powers or duties which directly touch upon trade relations with other countries. It is plain that the acts of each of the separate branches of the Government must be brought into a coherent policy system with the acts of all the rest.

(2) The changing policies of other Governments and the changing methods of regulating international trade greatly complicate the Government's task of proper direction of American trade.

I therefore have decided to designate one officer in the Department of State to carry the primary responsibility of supervising the international commercial policy of this Government into a coherent whole. Hereafter may I ask that you give the necessary instructions in your Department that before any acts are taken under legislation or otherwise which directly affect the export and import trade in this country, this official should be consulted concerning the action and his approval secured?

It is my idea that this official should be the chairman of an Executive Committee for the coordination of commercial policy and the negotiation of commercial treaties and trade agreements, and that in his decisions he would be very largely carrying out the

The Committee on Commercial Policy

judgment of the Committee. Upon this Committee your Department will be represented.

It is my further expectation that as this Committee develops its work, all subordinate interdepartmental committees engaged in the work of negotiating commercial treaties, the elaboration of trade agreements, et cetera, will report to the responsible official and through him to the governing Committee.

I also request that you instruct your Department that this official, as Chairman of the coordinating Committee, should be the regular channel of communication with all foreign Governments on all policy matters affecting American export and import trade.

The arrangements contemplated in this order will be elaborated in further directions which will be transmitted later.

I have asked Mr. Phillips, Undersecretary of State, to undertake these duties as Chairman of the coordinating Committee until such time as a permanent selection is made. Therefore, pending further notice, he will be Chairman *pro tem*.

Sincerely yours,

(Copies of the foregoing letter were sent to the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Agriculture, General Hugh S. Johnson, Administrator for National Recovery, Robert L. O'Brien, of the Tariff Commission, and George M. Peek, Foreign Trade Adviser.)

NOTE: The Executive Committee on Commercial Policy was created by the foregoing letter of November 11, 1933, from me to the Secretary of State, and was continued by Executive Orders 6656, of March 27, 1934, and 7260, of December 31, 1935.

It is made up of representatives of the Departments of State, Agriculture, Commerce and the Treasury, the Tariff Commission, the Agricultural Adjustment Administra-

tion, and the Export-Import Bank. Its chairman is Hon. Francis B. Sayre, Assistant Secretary of State.

The purpose of the committee is to coordinate and harmonize the actions of the several agencies of the Government affecting foreign trade. It meets weekly and keeps a continual watch over commercial developments.

Of necessity, its work is closely related to that of the Committee on Trade Agreements, created on June

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28, 1934 (see Items 33 and 111 of Vol. III). These two committees complement each other; the one dealing with the specific field of the trade agreements, the other with the broad field of our whole foreign commercial policy.

The Executive Committee on Commercial Policy studies and advises on many proposed pieces of legislation, and advises also on questions referred to it by the President, the departments and the Committee on Trade Agreements. Through subcommittees, the committee, as occasion warrants, makes exhaustive studies of matters coming within its purview.

The Committee for Reciprocity Information, an interdepartmental

committee established by Executive Order 6750 of June 27, 1934 (see Items 33 and 111 of Vol. III), for the purpose of providing a convenient channel for the presentation by private interests of information and views concerning proposed trade agreements, functions under the direction and supervision of the Executive Committee on Commercial Policy in close cooperation with the Committee on Trade Agreements.

In fulfilling its advisory and harmonizing function the committee has contributed in an important measure to the success of the Administration's good-neighbor policy in commercial relations with other countries.

161 ¶ Extemporaneous Speech to C.W.A. Conference in Washington. November 15, 1933

MY FRIENDS, I will tell you an official secret. Harry Hopkins wrote out two and a half very excellent pages of suggestions as to what I should say. They are on the desk. I subscribe to his sentiments one hundred percent. But, I am not going to read them. You will see them printed in the papers tomorrow morning.

I do not want to talk to you officially, but unofficially and extemporaneously. First of all, I want to thank you for coming here.

This group, representative of the entire country, has in its hands to accomplish something that no Nation has ever before done. As you know, during the past eight months we have tried honestly and practically to face a problem that no other Nation in modern history has ever been confronted with. We have heard

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a great deal of unemployment on the other side, in England, in France, in Germany and in other places, but at no time in any one of those countries has the unemployment situation even approximated the unemployment situation in the United States last spring. You can figure it at twelve or fourteen or sixteen million, or whatever you like—on the basis of population that is a larger percentage of men, women and children out of work and in many cases starving—in most cases suffering physically and mentally—a larger proportion than anywhere else.

During these months a great many of our unemployed have gone back to work. The number has been estimated variously at from three and a half to five million. The actual figures make very little difference because there are still a great many, still millions out of employment and this particular effort in which you and I are engaged at the present time is to put four million people from the list of those still unemployed back to work during the winter months so that we can honestly say as a Nation that this winter is not going to be like last winter or the winter before.

I like to stress not only the fact of four million, but also the fact that of those four millions of people two million are today on what we might just as well call, frankly, a dole. When any man or woman goes on a dole, something happens to them mentally and the quicker they are taken off the dole the better it is for them during the rest of their lives.

We hope we can recruit two million from the ranks of people who perhaps ought to have been on the dole—perhaps people who were too proud to ask for assistance. In every community most of us know of cases—many cases—of families that have been living along, barely subsisting, yet too proud to go and ask for relief. We want to help that type of American family.

Now this work is really and truly a partnership—a partnership between the Federal Government, the State Governments and the local governments—a partnership in which each one of those three divisions is expected to and is going to do its share. This \$400,000,000 is not going to cost the Federal Government

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any more money, because we are taking it out of the large public works appropriation of \$3,300,000,000. It is using a portion of that fund in a very practical way.

We might as well be perfectly frank—it has been exceedingly difficult honestly to allot the entire sum of \$3,300,000,000 to worth-while projects, every one of which has had to be scanned by local authorities, State authorities and finally by the Federal Government. With this allotment, somewhere in the neighborhood of \$2,800,000,000 has been allotted, leaving only about \$500,000,000 that is still to be allotted, most of it to local public works.

I believe the question was raised this morning as to the transfer of some of the projects to which allotments have already been made by Public Works, and I have been asked by the Governor of Wyoming to clear up that point. It is possible that certain allotments already made by Secretary Ickes to Public Works may be transferred to Mr. Hopkins' Civil Works Administration.

The process, I am told, will be to have that request made to the original person who did the allotting—in other words, the Secretary of the Interior—and if he approves of the transfer, it will then be made to the Civil Works Administration under Mr. Hopkins. I think that straightens out the question the Governor of Wyoming raised.

Just one word more—and I am sort of talking in the family. We have heard a good many charges and allegations that have been made in regard to relief work—the same kind of charges that were made when I was Governor of New York—charges that politics were entering into the use of public works funds and of emergency relief funds.

I want to tell you very, very simply that your national Government is not trying to gain political advantage one way or the other out of the needs of human beings for relief. We expect the same spirit on the part of every Governor of every one of the forty-eight States and on the part of every mayor and every county commissioner and of every relief agent. I would like to have the

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general rule adopted that no person connected with the administration of this \$400,000,000 will in any single case in any political subdivision of the United States ask whether a person needing relief or work is a Republican, Democrat, Socialist or anything else.

I am asking you to go ahead and do your share. Most of the work will fall on your shoulders. Most of the responsibility for the practical application of the plan will fall on you rather than on us in Washington. I can assure you that Mr. Hopkins, Secretary Ickes and all of the people connected with the Federal Government are going to give you cooperation in putting this plan to work quickly.

Speed is an essential. I am very confident that the mere fact of giving real wages to 4,000,000 Americans who are today not getting wages is going to do more to relieve suffering and to lift the morale of the Nation than anything that has ever been undertaken before.

NOTE: This conference of Civil Works Administrators was the official commencement of the C.W.A. program, which is discussed by me in a note following the Executive Order setting up the Civil Works Administration, November 9, 1933 (see Item 155A, this volume).

162 ¶ Exchange of Communications between the President of the United States and Maxim Litvinov of the Union of Soviet Socialist Republics.
November 16, 1933

The White House, Washington, November 16, 1933

My dear Mr. Litvinov:

I am very happy to inform you that as a result of our conversations the Government of the United States has decided to establish normal diplomatic relations with the Government of the

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Union of Soviet Socialist Republics and to exchange ambassadors.

I trust that the relations now established between our peoples may forever remain normal and friendly, and that our Nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. Litvinov,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Washington, November 16, 1933

My dear Mr. President:

I am very happy to inform you that the Government of the Union of Soviet Socialist Republics is glad to establish normal diplomatic relations with the Government of the United States and to exchange ambassadors.

I, too, share the hope that the relations now established between our peoples may forever remain normal and friendly, and that our Nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV

People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

Washington, November 16, 1933

My dear Mr. President:

I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdic-

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tion in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its territories or possessions.

2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the territorial integrity of the United States, its territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its territories or possessions.
3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the territorial integrity of, the United States, its territories or possessions; not to form, subsidize, support or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.
4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its territories or possessions.

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I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV

People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

The White House, Washington, November 16, 1933

My dear Mr. Litvinov:

I am glad to have received the assurance expressed in your note to me of this date that it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its territories or possessions.
2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the territorial integrity of the United States, its territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its territories or possessions.
3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes

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claim to be the Government of, or makes attempt upon the territorial integrity of, the United States, its territories or possessions; not to form, subsidize, support or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its territories or possessions.

It will be the fixed policy of the Executive of the United States within the limits of the powers conferred by the Constitution and the laws of the United States to adhere reciprocally to the engagements above expressed.

I am, my dear Mr. Litvinov,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

The White House, Washington, November 16, 1933

My dear Mr. Litvinov:

As I have told you in our recent conversations, it is my expectation that after the establishment of normal relations between our two countries many Americans will wish to reside temporarily or permanently within the territory of the Union of Soviet Socialist Republics, and I am deeply concerned that they should enjoy in all respects the same freedom of conscience and religious liberty which they enjoy at home.

As you well know, the Government of the United States, since the foundation of the Republic, has always striven to protect its

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nationals, at home and abroad, in the free exercise of liberty of conscience and religious worship, and from all disability or persecution on account of their religious faith or worship. And I need scarcely point out that the rights enumerated below are those enjoyed in the United States by all citizens and foreign nationals and by American nationals in all the major countries of the world.

The Government of the United States, therefore, will expect that nationals of the United States of America within the territory of the Union of Soviet Socialist Republics will be allowed to conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature, including baptismal, confirmation, communion, marriage and burial rites, in the English language, or in any other language which is customarily used in the practice of the religious faith to which they belong, in churches, houses, or other buildings appropriate for such service, which they will be given the right and opportunity to lease, erect or maintain in convenient situations.

We will expect that nationals of the United States will have the right to collect from their co-religionists and to receive from abroad voluntary offerings for religious purposes; that they will be entitled without restriction to impart religious instruction to their children, either singly or in groups, or to have such instruction imparted by persons whom they may employ for such purpose; that they will be given and protected in the right to bury their dead according to their religious customs in suitable and convenient places established for that purpose, and given the right and opportunity to lease, lay out, occupy and maintain such burial grounds subject to reasonable sanitary laws and regulations.

We will expect that religious groups or congregations composed of nationals of the United States of America in the territory of the Union of Soviet Socialist Republics will be given the right to have their spiritual needs ministered to by clergymen, priests, rabbis or other ecclesiastical functionaries who are nationals of the United States of America, and that such clergy-

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men, priests, rabbis or other ecclesiastical functionaries will be protected from all disability or persecution and will not be denied entry into the territory of the Soviet Union because of their ecclesiastical status.

I am, my dear Mr. Litvinov,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Washington, November 16, 1933

My dear Mr. President:

In reply to your letter of November 16, 1933, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics as a fixed policy accords the nationals of the United States within the territory of the Union of Soviet Socialist Republics the following rights referred to by you:

1. The right to "free exercise of liberty of conscience and religious worship" and protection "from all disability or persecution on account of their religious faith or worship."

This right is supported by the following laws and regulations existing in the various republics of the Union:

Every person may profess any religion or none. All restrictions of rights connected with the profession of any belief whatsoever, or with the non-profession of any belief, are annulled. (Decree of Jan. 23, 1918, art. 3.)

Within the confines of the Soviet Union it is prohibited to issue any local laws or regulations restricting or limiting freedom of conscience, or establishing privileges or preferential rights of any kind based upon the religious profession of any person. (Decree of Jan. 23, 1918, art. 2.)

2. The right to "conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature."

This right is supported by the following laws:

A free performance of religious rites is guaranteed as long

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as it does not interfere with public order and is not accompanied by interference with the rights of citizens of the Soviet Union. Local authorities possess the right in such cases to adopt all necessary measures to preserve public order and safety. (Decree of Jan. 23, 1918, art. 5.)

Interference with the performance of religious rites, in so far as they do not endanger public order and are not accompanied by infringements on the rights of others, is punishable by compulsory labor for a period up to six months. (Criminal Code, art. 127.)

3. "The right and opportunity to lease, erect or maintain in convenient situations" churches, houses or other buildings appropriate for religious purposes.

This right is supported by the following laws and regulations:

Believers belonging to a religious society with the object of making provision for their requirements in the matter of religion: may lease under contract, free of charge, from the Sub-District or District Executive Committee or from the Town Soviet, special buildings for the purpose of worship and objects intended exclusively for the purposes of their cult. (Decree of April 8, 1929, art. 10.)

Furthermore, believers who have formed a religious society or a group of believers may use for religious meetings other buildings which have been placed at their disposal on lease by private persons or by local Soviets and Executive Committees. All rules established for houses of worship are applicable to these buildings. Contracts for the use of such buildings shall be concluded by individual believers who will be held responsible for their execution. In addition, these buildings must comply with the sanitary and technical building regulations. (Decree of April 8, 1929, art. 10.)

The place of worship and religious property shall be handed over for the use of believers forming a religious society under a contract concluded in the name of the com-

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petent District Executive Committee or Town Soviet by the competent administrative department or branch, or directly by the Sub-District Executive Committee. (Decree of April 8, 1929, art. 15.)

The construction of new places of worship may take place at the desire of religious societies provided that the usual technical building regulations and the special regulations laid down by the People's Commissariat for Internal Affairs are observed. (Decree of April 8, 1929, art. 45.)

4. "The right to collect from their co-religionists . . . voluntary offerings for religious purposes."

This right is supported by the following law:

Members of groups of believers and religious societies may raise subscriptions among themselves and collect voluntary offerings, both in the place of worship itself and outside it, but only amongst the members of the religious association concerned and only for purposes connected with the upkeep of the place of worship and the religious property, for the engagement of ministers of religion and for the expenses of their executive body. Any form of forced contribution in aid of religious associations is punishable under the Criminal Code. (Decree of April 8, 1929, art. 54.)

5. Right to "impart religious instruction to their children either singly or in groups or to have such instruction imparted by persons whom they may employ for such purpose."

This right is supported by the following law:

The school is separated from the Church. Instruction in religious doctrines is not permitted in any governmental and common schools, nor in private teaching institutions where general subjects are taught. Persons may give or receive religious instruction in a private manner. (Decree of Jan. 23, 1918, art. 9.)

Furthermore, the Soviet Government is prepared to include in a consular convention to be negotiated immediately following

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the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to freedom of conscience and the free exercise of religion which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the Nation most favored in this respect. In this connection, I have the honor to call to your attention Article 9 of the Treaty between Germany and the Union of Soviet Socialist Republics, signed at Moscow October 12, 1925, which reads as follows:

Nationals of each of the Contracting Parties . . . shall be entitled to hold religious services in churches, houses or other buildings, rented, according to the laws of the country, in their national language or in any other language which is customary in their religion. They shall be entitled to bury their dead in accordance with their religious practice in burial-grounds established and maintained by them with the approval of the competent authorities, so long as they comply with the police regulations of the other Party in respect of buildings and public health.

Furthermore, I desire to state that the rights specified in the above paragraphs will be granted to American nationals immediately upon the establishment of relations between our two countries.

Finally, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics, while reserving to itself the right of refusing visas to Americans desiring to enter the Union of Soviet Socialist Republics on personal grounds, does not intend to base such refusals on the fact of such persons having an ecclesiastical status.

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

An Exchange of Communications

Washington, November 16, 1933

My dear Mr. President:

Following our conversations I have the honor to inform you that the Soviet Government is prepared to include in a consular convention to be negotiated immediately following the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to legal protection which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the Nation most favored in this respect. Furthermore, I desire to state that such rights will be granted to American nationals immediately upon the establishment of relations between our two countries.

In this connection I have the honor to call to your attention Article 11 and the Protocol to Article 11, of the Agreement Concerning Conditions of Residence and Business and Legal Protection in General concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

ARTICLE 11

Each of the Contracting Parties undertakes to adopt the necessary measures to inform the consul of the other Party as soon as possible whenever a national of the country which he represents is arrested in his district.

The same procedure shall apply if a prisoner is transferred from one place of detention to another.

FINAL PROTOCOL

Ad Article 11.

1. The Consul shall be notified either by a communication from the person arrested or by the authorities themselves direct. Such communications shall be made within a period not exceeding seven times twenty-four hours, and in large towns, including capitals of districts, within a period not exceeding three times twenty-four hours.

An Exchange of Communications

2. In places of detention of all kinds, requests made by consular representatives to visit nationals of their country under arrest, or to have them visited by their representatives, shall be granted without delay. The consular representative shall not be entitled to require officials of the courts or prisons to withdraw during his interview with the person under arrest.

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV
People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

The White House, Washington, November 16, 1933

My dear Mr. Litvinov:

I thank you for your letter of November 16, 1933, informing me that the Soviet Government is prepared to grant to nationals of the United States rights with reference to legal protection not less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the Nation most favored in this respect. I have noted the provisions of the treaty and protocol concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

I am glad that nationals of the United States will enjoy the protection afforded by these instruments immediately upon the establishment of relations between our countries and I am fully prepared to negotiate a consular convention covering these subjects as soon as practicable. Let me add that American diplomatic and consular officers in the Soviet Union will be zealous in guarding the rights of American nationals, particularly the right to a fair, public and speedy trial and the right to be represented by counsel of their choice. We shall expect that the nearest American diplomatic or consular officer shall be notified immediately of any arrest or detention of an American national, and that he

An Exchange of Communications

shall promptly be afforded the opportunity to communicate and converse with such national.

I am, my dear Mr. Litvinov,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

In reply to a question of the President in regard to prosecutions for economic espionage, Mr. Litvinov gave the following explanation:

"The widespread opinion that the dissemination of economic information from the Union of Soviet Socialist Republics is allowed only in so far as this information has been published in newspapers or magazines, is erroneous. The right to obtain economic information is limited in the Union of Soviet Socialist Republics, as in other countries, only in the case of business and production secrets and in the case of the employment of forbidden methods (bribery, theft, fraud, etc.) to obtain such information. The category of business and production secrets naturally includes the official economic plans, in so far as they have not been made public, but not individual reports concerning the production conditions and the general conditions of individual enterprises.

"The Union of Soviet Socialist Republics has also no reason to complicate or hinder the critical examination of its economic organization. It naturally follows from this that everyone has the right to talk about economic matters or to receive information about such matters in the Union, in so far as the information for which he has asked or which has been imparted to him is not such as may not, on the basis of special regulations issued by responsible officials or by the appropriate State enterprises, be made known to outsiders. (This principle applies primarily to information concerning economic trends and tendencies.)"

An Exchange of Communications

Washington, November 16, 1933

My dear Mr. President:

Following our conversations I have the honor to inform you that the Government of the Union of Soviet Socialist Republics agrees that, preparatory to a final settlement of the claims and counter claims between the Governments of the Union of Soviet Socialist Republics and the United States of America and the claims of their nationals, the Government of the Union of Soviet Socialist Republics will not take any steps to enforce any decisions of courts or initiate any new litigations for the amounts admitted to be due or that may be found to be due it, as the successor of prior Governments of Russia, or otherwise, from American nationals, including corporations, companies, partnerships, or associations, and also the claim against the United States of the Russian Volunteer Fleet, now in litigation in the United States Court of Claims, and will not object to such amounts being assigned and does hereby release and assign all such amounts to the Government of the United States, the Government of the Union of Soviet Socialist Republics to be duly notified in each case of any amount realized by the Government of the United States from such release and assignment.

The Government of the Union of Soviet Socialist Republics further agrees, preparatory to the settlement referred to above, not to make any claim with respect to:

- (a) judgments rendered or that may be rendered by American courts in so far as they relate to property, or rights, or interests therein, in which the Union of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or,
- (b) acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits, or obligations of any Government of Russia or nationals thereof.

An Exchange of Communications

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV

People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

The White House, Washington, November 16, 1933

My dear Mr. Litvinov:

I am happy to acknowledge the receipt of your letter of November 16, 1933, in which you state that:

"The Government of the Union of Soviet Socialist Republics agrees that, preparatory to a final settlement of the claims and counter claims between the Governments of the Union of Soviet Socialist Republics and the United States of America and the claims of their nationals, the Government of the Union of Soviet Socialist Republics will not take any steps to enforce any decisions of courts or initiate any new litigations for the amounts admitted to be due or that may be found to be due it, as the successor of prior Governments of Russia, or otherwise, from American nationals, including corporations, companies, partnerships, or associations, and also the claim against the United States of the Russian Volunteer Fleet, now in litigation in the United States Court of Claims, and will not object to such amounts being assigned and does hereby release and assign all such amounts to the Government of the United States, the Government of the Union of Soviet Socialist Republics to be duly notified in each case of any amount realized by the Government of the United States from such release and assignment.

"The Government of the Union of Soviet Socialist Republics further agrees, preparatory to the settlement referred to above, not to make any claim with respect to:

- (a) judgments rendered or that may be rendered by American courts in so far as they relate to property, or rights,

An Exchange of Communications

or interests therein, in which the Union of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or,

- (b) acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits or obligations of any Government of Russia or nationals thereof."

I am glad to have these undertakings by your Government and I shall be pleased to notify your Government in each case of any amount realized by the Government of the United States from the release and assignment to it of the amounts admitted to be due, or that may be found to be due, the Government of the Union of Soviet Socialist Republics, and of the amount that may be found to be due on the claim of the Russian Volunteer Fleet.

I am, my dear Mr. Litvinov,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Washington, November 16, 1933

My dear Mr. President:

I have the honor to inform you that, following our conversations and following my examination of certain documents of the years 1918 to 1921 relating to the attitude of the American Government toward the expedition into Siberia, the operations thereof of foreign military forces and the inviolability of the territory of the Union of Soviet Socialist Republics, the Government of the Union of Soviet Socialist Republics agrees that it will waive any and all claims of whatsoever character arising out of activities of military forces of the United States in Siberia, or assistance to military forces in Siberia subsequent to January 1, 1918, and that such claims shall be regarded as finally settled and disposed of by this agreement.

The National Emergency Council

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOV

People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

(See Items 144 and 158 of this volume.)

163 ¶ The Creation of the National Emergency
Council. Executive Order No. 6433A.

November 17, 1933

WHEREAS the Congress of the United States has declared the existence of an acute national economic emergency which affects the national public interest and welfare, and

WHEREAS, in order to meet the said emergency and to provide the relief necessary to protect the general welfare of the people, the Congress of the United States has enacted legislation including, among other statutes, the National Industrial Recovery Act of June 16, 1933 (Public No. 67, 73d Congress), the Agricultural Adjustment Act of May 12, 1933 (Public No. 10, 73d Congress) and the Federal Emergency Relief Act of May 12, 1933 (Public No. 15, 73d Congress); and

WHEREAS it is deemed expedient and necessary that an organization be created for the purpose of coordinating and making more efficient and productive the work of the numerous field agencies of the Government established under, and for the purpose of carrying into effect, the provisions of the said legislation;

NOW, THEREFORE, by virtue of the authority vested in me by the aforesaid legislation, there is hereby created an organization which shall be known as the National Emergency Council, at the head of which shall be an Executive Director who shall be appointed by the President and shall receive a salary to be fixed by him at not to exceed \$10,000.00 per annum. The Council

The National Emergency Council

shall be composed of the following and such other members as the President may designate:

The Secretary of the Interior (Administrator of Public Works)	The Administrator for Indus- trial Recovery
The Secretary of Agriculture	The Chairman of the Home Owners Loan Corporation
The Secretary of Commerce	The Governor of the Farm Credit Administration
The Secretary of Labor	A representative of the Con- sumers' Council
The Administrator of Agricul- tural Adjustment	
The Administrator of Federal Emergency Relief	

The members of the Council shall act in a capacity advisory to the President and the Executive Director and shall serve without compensation.

The functions and duties of the Council shall be prescribed by the President, and such rules and regulations as may be necessary to effectuate the purposes for which the Council is created shall be prescribed by the Executive Director and approved by the President.

The Executive Director is authorized to execute the functions and to perform the duties vested in the Council by the President through such persons as the Executive Director shall designate, and he is further authorized to prescribe such rules and regulations as he may deem necessary to supplement, amplify or carry out the purposes and intent of such rules and regulations as may be prescribed by him and approved by the President under the provisions of this Order.

The Executive Director may appoint, subject to the approval of the President, without regard to the Civil Service laws or the Classification Act of 1923, as amended, fix the compensation and prescribe the duties and authority of such officials and employees, and make such expenditures (including expenditures for personal services, and rent at the seat of the Government and elsewhere, for law books and books of reference, and for paper,

"The American March of Progress"

binding, and printing) as may be necessary to carry into effect the provisions of this Order. The Executive Director may also, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, avail himself of the services of the officials, employees, and the facilities thereof and, with the consent of the State or municipality concerned, may utilize such State and local officials and employees as he may deem necessary.

For the purposes of this Order, the sum of \$10,000 is hereby allocated to the National Emergency Council from the appropriation authorized by Section 220 of the National Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public No. 77, 73d Congress).

All volunteer field agencies established under, and for the purpose of effectuating, the provisions of the aforesaid legislation, are hereby abolished, this provision to become effective thirty days from the date of this Order; and thereafter all functions theretofore performed by said agencies and considered necessary by the Executive Director for carrying out the purposes of this Order shall be assumed and performed by the Council.

<i>NOTE:</i> The foregoing Executive Order established the National Emergency Council and enumerated its membership and powers.	Its membership was subsequently amended by Executive Order No. 6513 of December 18, 1933.
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164 ¶ Address Delivered at Savannah, Georgia.

"The American March of Progress."

November 18, 1933

Mayor Campbell, Governor Talmadge, my friends of Georgia and South Carolina:

I AM glad to come back again to my own State; and because Georgia has given me the privilege of serving as the Honorary

"The American March of Progress"

Chairman of the Celebration of this bicentennial year of the founding of Georgia, I have come to Savannah in an official capacity.

But I come here also because of all that Georgia means to me personally, through my long association with this State and also through the kinship which my wife and my children bear to the early settlers who participated with Oglethorpe in the founding of civilization on this portion of the Atlantic seaboard.

I feel that, apart from the ties of Colonial ancestry, I have additional kinship with the founders of the thirteen American colonies. It has been remarked of late by certain modern Tories that those who are today in charge of your national Government are guilty of great experimentation. And they are right. If I read my history correctly, the same suggestion was used when Englishmen, two centuries ago, protesting in vain against intolerable conditions at home, founded new colonies in the American wilderness as an experiment. And the same suggestion was used during the period in 1776 when the Washingtons, the Adamses, the Bullocks and other people of that time conducted another experiment.

Three-quarters of a year have gone by since I left Georgia. During that time you have conducted a dignified and history-teaching Statewide celebration. During that time, the lives of the people of this Commonwealth, like the lives of the inhabitants of all the other States, have undergone a great change.

I am happy in the thought that it has been a change for the better; that I have come back to see smiles replacing gloom, to see hope replacing despair, and to see faith restored to its rightful place. You good people have given me evidence of that this morning.

While we are celebrating the planting of the Colony of Georgia, we remember that if the early settlers had been content to remain on the coast, there would have been no Georgia today. It was the spirit of moving forward that led to the exploration of the great domain of Piedmont and the mountains, that drove the Western border of this Colony to the very banks of the Mis-

"The American March of Progress"

Mississippi River itself. Yet, all through those great years of the pioneer, we must remember that there were the doubting Thomases, there was the persistent opposition of those who feared change, of those who wanted to let things alone.

In coming for a two weeks' visit among you, my neighbors, I shall have opportunity to improve myself and my own perspective by reading of the makers of our history with the thought before me that although problems and terms of problems change, the principles and objectives of American self-government remain the same. I have heard so much of economics during the past few months that it was refreshing the other day to have my friend, the Governor of New Hampshire, call my attention to a paragraph written about a century ago by one of the fathers of all economists, John Stuart Mill. He said this:

"History shows that great economic and social forces flow like a tide over communities only half conscious of that which is befalling them. Wise statesmen foresee what time is thus bringing and try to shape institutions and mold men's thoughts and purposes in accordance with the change that is silently coming on.

"The unwise are those who bring nothing constructive to the process, and who greatly imperil the future of mankind, by leaving great questions to be fought out between ignorant change on one hand, and ignorant opposition to change, on the other."

I sometimes think that the saving grace of America lies in the fact that the overwhelming majority of Americans are possessed of two great qualities—a sense of humor and a sense of proportion. With the sense of humor they smile good-naturedly at those who would divide up all the money in the Nation on a per-capita basis every Saturday night and smile equally at those who lament that they would rather possess pounds and francs than dollars. And with that other quality, our sense of proportion, we understand and accept the fact that in the short space of one year we cannot cure a chronic illness that beset us for twelve years, nor restore the social and economic order with equal and simultaneous success in every part of the Nation and in every walk of life. But my friends, we are on our way.

"The American March of Progress"

It is the pioneering spirit and understanding perspective of the people of the United States which already is making itself felt not only here, but among other Nations of the world. The simple translation of the peaceful and neighborly purposes of the United States has already given to our sister American Republics a greater faith in professions of friendship than they have held since the time, a century ago, when James Monroe encouraged South America and Central America in their struggles for freedom. So, too, my friends, I have had a good example of the effect of honest statement and simple explanation of the fundamental American policy during the past week in Washington. For sixteen long years a Nation, larger even than ours in population and extent of territory, has been unable to speak officially with the United States or to maintain normal relations. I believe sincerely that the most impelling motive that has lain behind the conversations which were successfully concluded yesterday between Russia and the United States was the desire of both countries for peace and for the strengthening of the peaceful purpose of the civilized world.

It will interest you to know that in the year 1809 the President of the United States, Thomas Jefferson, wrote as follows to his Russian friend, Monsieur Dashkoff:

"Russia and the United States being in character and practice essentially pacific, a common interest in the rights of peaceable nations gives us a common cause in their maintenance."

And so in this spirit of Thomas Jefferson, Mr. Litvinov and I have believed that through the resumption of normal relations the prospects of peace over all the world are greatly strengthened.

Furthermore, my friends, I am confident that in a State like Georgia, which had its roots in religious teachings and religious liberty, a State in which the first Sunday School was established, there must be satisfaction to know that from now on any American sojourning among the great Russian people will be free to worship God in his own way.

It is perhaps especially significant that I should speak of the

"The American March of Progress"

resumption of relations with Russia in the city from which over a century ago the first trans-Atlantic steamship set out on its voyage to the old world.

I am glad to be back on Georgia soil. I am hurrying to Warm Springs with special interest, for I shall find there a splendid new building, given to the cause of helping crippled children by the citizens of the State of Georgia. And I am hurrying back there to my cottage for the almost equally important objective of seeing to it that a prize Georgia turkey is put into the primest possible condition for the Thanksgiving Day feast.

On this Thanksgiving, I like to think that many more fathers and mothers and children will partake of turkey than have in recent years. What a splendid thing it would be if in every community, in every State in the land, in celebration of this Thanksgiving—and here in Georgia in celebration of the Bicentennial of the founding of the Colony—every community would set as its Thanksgiving Day objective the providing of a Thanksgiving dinner for those who have not yet been blessed by the returning prosperity sufficiently to provide their own.

Let me, in closing, read to you a very short passage from a message delivered a generation ago by a great son of a great Georgia mother, Theodore Roosevelt. He said:

"Materially we must strive to secure a broader economic opportunity for all men so that each shall have a better chance to show the stuff of which he is made. Spiritually and ethically we must strive to bring about clean living and right thinking. We appreciate that the things of the body are important; but we appreciate also that the things of the soul are immeasurably more important. The foundation stone of national life is and ever must be the high individual character of the individual citizen."

My friends, I count on that individual citizen, and on his character and on her character, to continue with me our American march of progress.

NOTE: The foregoing address was made on my trip to Warm Springs, Georgia. Since 1926 I had been in the habit of spending some parts

A Thanksgiving Day Proclamation

of the year at Warm Springs, Georgia, taking the treatment for infantile paralysis. The history of the development of Warm Springs, Georgia, is given in bare outline in my informal talks printed as Item 170 of this volume and Item 189 of Volume III.

Since becoming Governor of New York in 1928, I have been unable to spend as much time as formerly in taking the treatments, because of the pressure of public business. However, I have tried to take some of my vacation periods at this resort whenever public business has permitted it. I have tried to arrange my Warm Springs visits for Thanksgiving Day since becoming President.

In addition to the foregoing speech at Savannah and the speech at Warm Springs, which is printed as Item 170 of this volume, I made a few other informal extemporaneous rear-platform speeches on this same trip, for example: one at Fitzgerald, Georgia, one at Cordell, Georgia, and one at Warm Springs, all on November 18th. These very short remarks have been excluded from these volumes. In addition, I made an informal personal talk at the Thanksgiving Day Dinner, held in Georgia Hall, Warm Springs, Georgia, on November 30, 1933, which has also been omitted.

165 ¶ A Thanksgiving Day Proclamation.

November 21, 1933

I, FRANKLIN D. ROOSEVELT, President of the United States of America, do set aside and appoint Thursday, the thirtieth day of November, 1933, to be a Day of Thanksgiving for all our people.

May we on that day in our churches and in our homes give humble thanks for the blessings bestowed upon us during the year past by Almighty God.

May we recall the courage of those who settled a wilderness, the vision of those who founded the Nation, the steadfastness of those who in every succeeding generation have fought to keep pure the ideal of equality of opportunity and hold clear the goal of mutual help in time of prosperity as in time of adversity.

May we ask guidance in more surely learning the ancient truth that greed and selfishness and striving for undue riches can never

Exemptions in the Reemployment Agreement

bring lasting happiness or good to the individual or to his neighbors.

May we be grateful for the passing of dark days; for the new spirit of dependence one on another; for the closer unity of all parts of our wide land; for the greater friendship between employers and those who toil; for a clearer knowledge by all Nations that we seek no conquests and ask only honorable engagements by all peoples to respect the lands and rights of their neighbors; for the brighter day to which we can win through by seeking the help of God in a more unselfish striving for the common bettering of mankind.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

NOTE: Thanksgiving Day Proclamations have been issued by me each year during my Administration, and have been included in these volumes for each of the years.

Other types of similar Proclamations periodically issued by me, as

they have been by other Presidents, are: Child Health Day, Mother's Day, National Fire Prevention Week, National Maritime Day, Army Day and Armistice Day. They have not been printed in these volumes.

166 ¶ Authorization to Modify or Make Exemptions in the President's Reemployment Agreement to Avoid Undue Hardships. Executive Order No. 6443. November 22, 1933

WHEREAS I have heretofore issued certain Executive orders whereby, by virtue of authority vested in me by Title I of the National Industrial Recovery Act of June 16, 1933 (Public No. 67, 73d Congress), I have entered into agreements with members of certain trades or industries providing that, upon specified conditions, they should operate under, and be bound by, certain provisions of certain codes of fair competition approved, or submitted for approval, under said Title I of said Act; and

Exemptions in the Reemployment Agreement

WHEREAS it appears desirable to make provision for the modification of, or the granting of exceptions to, or exemptions from, said agreements in particular instances where compliance therewith would, on account of peculiar circumstances, cause undue hardship;

NOW, THEREFORE, by virtue of authority vested in me by said Title I of said Act, I hereby authorize and empower the Administrator for Industrial Recovery to make such modifications of, and grant such exceptions to, and exemptions from, said agreements, or any similar agreements hereafter entered into or approved by me by Executive order, as he may, after investigation, find necessary in particular instances in order to avoid undue hardship.

Nothing contained herein shall be construed to relate to modifications of, exceptions to, or exemptions from, codes of fair competition approved under said Title I of said Act.

NOTE: Although fundamentally the objective of N.R.A. from the beginning was guided by broad considerations of principle, the details of its day-to-day administration had to be highly flexible. The complexity of American industry and the endless variation of conditions of particular businesses within industries emphasized the need for flexibility in administration of the Act. Regulations, which were sound in their general application to an industry as a whole, would on occasion work an unnecessary hardship in particular cases, or would often

prove to be inapplicable to particular phases of the industry. Provision had to be made, therefore, for exceptions and exemptions under proper conditions in appropriate cases.

Executive Order No. 6205-B made such provision for the regular codes (see Item 98, this volume). The foregoing Executive Order provided for such relief in connection with the President's Reemployment Agreement. The number of exceptions and exemptions, however, was relatively very small as compared with the number of petitions filed.

167 ¶ Radio Address on Maryland Tercentenary
Celebration. November 22, 1933

Governor Ritchie, my friends of Maryland:

THIS is rightly the day dedicated to Lord Baltimore and to the men and women who sailed under his banners just three centuries ago. They sought at the outset a priceless possession and they sought it not for themselves alone but for all others, even for those who disagreed with them. I think it is hard in all history to find a better example of hearty, determined cooperation, of the will to do for others in order that we may do the best for ourselves. It is a spirit which we praise. It existed three hundred years ago, but it is a spirit that we ought to match in 1933. When, in 1633, the expedition set out of Cowes, England, from that very waterfront where the American Ambassador stood just now as he and Lord Fairfax made their remarks, that expedition, while later than others, was very much in advance of them in one respect. Lord Baltimore and his colonists sought in their charter liberty not alone for the members of the expedition, but for all later comers as well. It is a good thing to demand liberty for ourselves and for those who agree with us, but it is a better thing and rarer thing to give liberty to others who do not agree with us. We would do less than our duty to Lord Baltimore if on such an anniversary we paid no tribute to this, his greatest contribution to America, a free America. May we, in our own fights for things which we know to be right, fight as ably and as successfully as he did 300 years ago. For we have our own fights to wage not against the same foe which he beat down, but against other foes just as obstinate and just as powerful and just as intolerant of things we fight for today.

And so, my friends, I hope that this 300-year anniversary of the founding of Maryland which will go on from now through the year 1934 will be a success not only for those who partake in it, but also will be a reminder to people throughout the

An Exchange of Letters

United States of the great fight that Lord Baltimore made three centuries ago for religious freedom in America.

168 ¶ Another Exchange of Letters between the President and Mr. Litvinov. November 22, 1933

Washington, November 22, 1933

My dear Mr. President:

On leaving the United States I feel it a great pleasure respectfully to convey to you my feelings of high esteem as well as gratitude for the many tokens of attention and friendship you have been good enough to show me during my stay in Washington.

I also wish hereby to thank the whole Executive and its various organs for their courtesies and cares.

I avail myself of this opportunity to express once more my firm conviction that the official linking of our two countries by the exchange of notes between you, Mr. President, and myself will be of great benefit to our two countries and will also be conducive to the strengthening and preservation of peace between Nations toward which our countries are sincerely striving. I believe that their joint efforts will add a creative factor in international affairs which will be beneficial to mankind.

Believe me to be, my dear Mr. President, with the best wishes for the well being of yourself, your family and of your great country,

Yours very sincerely,

MAXIM LITVINOV
Peoples' Commissar for Foreign Affairs,
Union of Soviet Socialist Republics

Non-Intervention in Cuba

Warm Springs, Georgia, November 23, 1933

My dear Mr. Litvinov:

I thank you for your most courteous letter of November 22nd, 1933. It has been a great personal pleasure to me to meet you and I trust that some day I shall again have the pleasure of welcoming you in America. On your return to your country I hope that you will convey President Kalinin my greetings and best wishes.

I am profoundly gratified that our conversations should have resulted in the restoration of normal relations between our peoples and I trust that these relations will grow closer and more intimate with each passing year. The cooperation of our Governments in the great work of preserving peace should be the cornerstone of an enduring friendship.

I am sorry that owing to my absence from Washington I am unable in person to say good-bye to you and to wish you a safe and pleasant journey; but I assure you that you carry with you my warmest personal regards.

Yours very sincerely,

FRANKLIN D. ROOSEVELT

(See Items 144 and 162 of this volume.)

169 ¶ Presidential Statement of Non-Intervention in Cuba — The Good-Neighbor Policy Applied. November 23, 1933

DURING the months which have passed since the fall of the Government of President Machado, we have followed the course of events in Cuba with a most friendly concern and with a consistent desire to be of help to the Cuban people.

Owing to the exceptionally close relationship which has existed between our two peoples since the founding of the Republic of Cuba and in particular because of the treaty relations which

Non-Intervention in Cuba

exist between our two countries, recognition by the United States of a Government in Cuba affords in more than ordinary measure both material and moral support to that Government.

For this reason we have not believed that it would be a policy of friendship and of justice to the Cuban people as a whole to accord recognition to any provisional Government in Cuba unless such Government clearly possessed the support and the approval of the people of that Republic. We feel that no official action of the United States should at any time operate as an obstacle to the free and untrammelled determination by the Cuban people of their own destinies.

We have been keenly desirous during all this period of showing by deed our intention of playing the part of a good neighbor to the Cuban people. We have wished to commence negotiations for a revision of the commercial convention between the two countries and for a modification of the permanent treaty between the United States and Cuba. On the economic side, we have been hopeful of entering upon a discussion of such measures as might be undertaken by common consent between the two Governments which would redound to the benefit of both the American and the Cuban people. No progress along these lines can be made until there exists in Cuba a provisional Government which, through the popular support which it obtains and which, through the general cooperation which it enjoys, shows evidence of genuine stability.

As has already been officially stated, the Government of the United States has neither partiality for nor prejudice against any faction or individual in Cuba. It will welcome any provisional Government in Cuba in which the Cuban people demonstrate their confidence. We earnestly hope that in the near future through a spirit of compromise on all sides, the Cuban people themselves will reach a peaceful agreement which may result in general support of a Government and thus avoid continued civil disturbance with its attendant tragic loss of life and grave prejudice to the social and economic interests of the Republic.

Ambassador Welles is returning to Havana within the next

Non-Intervention in Cuba

few days. As previously announced, upon the termination of his mission, which will be in the near future, he will return to Washington to resume his former duties as Assistant Secretary of State, and will be replaced by Mr. Jefferson Caffery, now serving as Assistant Secretary of State.

NOTE: After the flight of General Machado from Cuba on August 12, 1933 (see Items 86 and 114 of this volume), a Provisional Government in Cuba was established, headed by Dr. Carlos Manuel de Cespedes. This Provisional Government was in turn overthrown on September 5, 1933. Thereupon the military forces in Cuba assisted in the installation of a provisional regime composed of a committee of five civilians, responsive to the authorities of the army, to the students of the University of Havana and to a small group of agitators who had entered governmental activity.

The new regime was not successful in obtaining any support from other bodies of public opinion in Cuba. The governmental system was thereupon modified, and the presidential system was again adopted. Dr. Ramon Grau San Martin, one of the committee of five, was selected as Provisional President of the Republic by the rest of the committee, by the Directorate of the student body of the University of Havana and by the Chief of the Cuban Army.

This regime, headed by Dr. Grau San Martin, also endeavored to obtain the support of general public

opinion. During this period our Government was unwilling to accord recognition to the Grau San Martin administration in Cuba because of the lack of general support of public opinion in Cuba and also because it seemed unable to maintain order or to carry out many other normal and necessary functions of government.

The foregoing statement was issued by me on November 23, 1933, primarily in order to inform the general public, both in the United States and in the rest of the American continent as well as in Cuba, of the reasons for our failure to recognize the Grau San Martin regime.

On January 18, 1934, Colonel Carlos Mendieta was installed as Provisional President of Cuba, and promptly designated the Cabinet of the Provisional Government.

The Government of Colonel Mendieta was supported by all of the recognized political parties in Cuba, and there were immediate evidences of overwhelming popular support. Because of these facts and because of the apparent ability of his Government to maintain public order, the United States extended recognition to the Government of Cuba on January 23, 1934.

170 ¶ Address at the Dedication of Georgia Hall
— “The Spirit of Warm Springs.”

November 24, 1933

MOST people have visions of things they would like to see accomplished; fortunate are those who with their own eyes see the accomplishment becoming a fact.

Most of you who are here tonight know the story of Warm Springs during the past nine years. You know of the hopeful handful of crippled children and adults who came seeking to walk again, and of the growth of our physical facilities and of our medical care to the point where the completion of Georgia Hall gives us a clear idea of the rounded picture of the Georgia Warm Springs of the future.

In all these years our splendid progress would have been impossible had we not had the sympathy, the understanding and the help of our neighbors; and tonight I express my appreciation and thanks, first, to you, my neighbors of Warm Springs and Meriwether County, for your true friendship toward me and toward all those who have come here; and secondly, to you the people of Georgia whose welcome hospitality has culminated in this splendid gift to the Foundation and made me feel prouder than ever to call this my other home.

It is this understanding spirit on the part of those who surround us that has contributed so greatly to what we call the “spirit of Warm Springs.” No perfectly appointed hospital, no medical care of the highest skill can accomplish the best results unless at the same time we build up, as Mr. Callaway has said, confidence, self-reliance and cheerfulness on the part of the patients themselves. That is why the Warm Springs Foundation has established itself as a practical success in bringing back so many crippled children and crippled grown-ups to normal activities, and at the same time to a normal confidence in themselves.

We hear much these days of two adjectives—“social” and “economic.” Generally they are used to denote different things. Here

Dedication of Georgia Hall

at Warm Springs we have proved that in our work they go hand in hand. Let me give you an example: If a child is so incapacitated, because of infantile paralysis or accident or some other cause, that the child is unable to get about, take care of himself and go to school, the chances are that in most cases some grown-up person must spend a large part of the time in taking care of the child. Every social objective requires that the child be rehabilitated to lead a normal life—to become a useful member of society. In accomplishing this we reach at the same time the economic objective, for we restore the child and at the same time we release a member of his family from the constant supervision and care of the child, and enable that person to be an economically useful unit in the community.

Figures show that there are well over three hundred thousand crippled children in the United States and probably at least an equal number of grown-up people. It is my belief, and I think the belief of the doctors of the United States, that the great majority of these citizens of ours, more than half a million of them, can be restored to useful citizenship if we can give them the most modern, scientific, medical and educational treatment. Toward the attainment of that goal the Georgia Warm Springs Foundation seeks to play a leading part. This work at Warm Springs is not local; people come here from every State in the Union and from many foreign countries. It is true that we can take care of only a small proportion of those who need care; but at the same time the educational value of the methods and of their results is making itself widely felt in the care of the handicapped throughout the United States.

I wish much that people all over the country could be with us here tonight to learn of the splendid effectiveness of the work we are doing; to see this beautiful building which for all time will be the center of our work, and especially to understand that thing which we call "the spirit of Warm Springs," which does so much to supplement the skill of science. The people of Georgia have given to this work a noble gift. In the name of the Trustees of the Foundation I thank them, and especially I thank the

Public Works Emergency Housing Corporation

Georgia Hall Committee, who under the untiring efforts and leadership of Mr. Cason Callaway and Mr. Cator Woolford, have made tangible the vision of many years ago.

(See note to Item 164, this volume.)

171 ¶ The Creation of the Public Works Emergency Housing Corporation. Executive Order No. 6470. November 29, 1933

BY VIRTUE of the authority vested in me under Title II of the National Industrial Recovery Act, approved June 16, 1933 (Public No. 67, 73d Congress), and with a view to increasing employment quickly:

(1) I hereby designate and establish the Public Works Emergency Housing Corporation, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the Housing Corporation), as an agency under Title II of said Act, with the powers and for the purposes hereinafter set forth.

(2) The Housing Corporation is authorized and empowered to construct, finance, or aid in the construction or financing of any public-works project included in the program prepared pursuant to Section 202(d) of said Act.

(3) The Housing Corporation is authorized and empowered to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project.

(4) The Housing Corporation is authorized and empowered to sell any security acquired or any property so constructed or acquired or to lease any such property with or without the privilege of purchase; provided, that all moneys received by the Housing Corporation from any such sale or lease shall be applied in the manner provided in Section 203 of said Act.

(5) The Housing Corporation is authorized and empowered to take any and all such action, do any and all such things, and

On Haitian Bonds

exercise any and all such powers as may be or appear necessary, suitable, or expedient in connection with the foregoing.

NOTE: This corporation was organized to expedite the housing program of P.W.A. but was not utilized because of adverse rulings by the Comptroller General as to its powers. It was dissolved as of August 14, 1935. (See Item 117, this volume, for a discussion of the housing program of P.W.A.)

172 ¶ The President States His Position on Haitian Bonds. November 29, 1933

Dear Mr. President:

I beg to acknowledge receipt of your letter dated November 16, 1933, relating to the financial arrangement embodied in the Agreement of August 7, 1933, between our two countries. Permit me at the outset to express my warm admiration for the manner in which the Haitian Government has loyally honored its financial obligations. It was, as Secretary Hull stated on August 8, 1933, in large measure due to the efficient administration of Your Excellency's Government that it was found possible to arrive at an agreement so favorable to Haiti in its terms.

I am glad to read in your letter what has been so clearly implied in the actions of your Government, namely, that Haiti intends to continue to fulfill loyally its obligations in this field. So far as the United States Government is concerned, I may say that in my judgment this Government is under an unescapable obligation to carry out the Treaty of 1915 and the Protocol of 1919, and in the Agreement of August 7, 1933, it has made appropriate provision to that end. Except for this obligation, upon which the bondholders are entitled to insist, my Government would be only too glad to discontinue at once its connection with financial administration in Haiti. You of course appreciate, Mr. President, that this is an obligation not to any bank or particular creditor, but to the holders of the bonds who have relied upon

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the good faith of your Government and my Government to carry out the provisions of existing agreements.

As you know, at the present rate of amortization the bonds will be retired about 1944, and the financial administration under the Agreement of August 7, 1933, will of course cease at that time. It would, however, be most welcome from the point of view of the United States Government if a refunding arrangement could be worked out by Haiti at an earlier date, with agreement of the bondholders, which would result in the withdrawal by this Government from its part in the administration of Haitian finances. Under Article XXVI of the Agreement of August 7 last, Haiti, with the approval of the United States, reserved the right to retire the bonds before their due date provided she could make an arrangement for this purpose satisfactory to the holders of the bonds. The United States Government would be glad to lend its good offices in the matter in any way which would not involve it in any further responsibilities in Haiti.

You may be interested to know that recently I have received letters from organizations in this country on the subject of the Agreement of August 7, 1933. I am enclosing, as I believe you will desire to read it, a copy of a letter written in reply to one such communication by the Acting Secretary of State. I concur in the views therein set forth.

With the expression of my cordial personal regard and best wishes,

Your sincere friend,

His Excellency

Stenio Vincent,

President of the Republic of Haiti

Port au Prince

NOTE: Pursuant to the Treaty of 1915 and the Protocol of 1919 mentioned in the foregoing letter, we had assumed certain obligations in the financial administration of Haiti upon which holders of Haitian bonds had relied in buying their bonds. In response to the request of the Haitian Government for a modifica-

To the Lord's Day Alliance

tion of the then existing financial administration, we undertook a series of difficult and patient negotiations with Haiti which culminated in an agreement between the United States and Haiti on August 7, 1933.

This agreement was very fair to Haiti, but a group of Haitians, hostile to President Vincent, started a campaign to make the United States withdraw from all participation in the administration of Haitian finances. The foregoing letter points out our obligation of good faith to the individuals who had purchased Haitian bonds. It also indicates our eagerness to withdraw completely

from Haitian finances if some refunding arrangement can be made which is satisfactory to the bondholders. In fact, the agreement of August 7th provided that Haiti could retire the bonds before their due date, providing she could make a satisfactory arrangement for that purpose.

As I pointed out in the letter, the bonds in question will be retired by 1944 and at that time the financial administration under the agreement of August 7, 1933, will completely cease, even if no satisfactory arrangements for refunding can be made by Haiti before that time.

173 ¶ Greetings to the Lord's Day Alliance.

December 4, 1933

My dear Mr. Willey:

I extend congratulations and best wishes on the occasion of the Forty-fifth Anniversary of the Lord's Day Alliance of the United States.

The object of your organization is, in my opinion, a very worthy one, and the efforts of its members toward the successful attainment of such a goal, are deserving of the highest praise. It is my sincere hope that this work may be carried on with even greater success through future years.

Very sincerely yours,

Mr. John H. Willey,
156 Fifth Avenue,
New York, N. Y.

174 ¶ The Establishment of the Federal Alcohol Control Administration. Executive Order No.

6474. December 4, 1933

BY VIRTUE of the authority vested in me under Title I of the National Industrial Recovery Act, approved June 16, 1933 (Public No. 67, 73d Congress):

(1) There is hereby established an agency to be known as the "Federal Alcohol Control Administration" to aid in effectuating the policy of said title.

(2) The Administration shall be composed of five officers of the executive branch of the Government to be designated by the President from time to time.

(3) The following-named persons are hereby designated and appointed as the original members of the Federal Alcohol Control Administration, established under the provisions of said title:

Joseph H. Choate, Jr., Treasury Department
Edward G. Lowry, Jr., Treasury Department
Harris E. Willingham, Department of Agriculture
W. A. Tarver, Department of Justice
Willard L. Thorp, Department of Commerce

(4) Joseph H. Choate, Jr., is designated as chairman of and Director for the Administration.

(5) The Administration is hereby authorized (a) to make investigations and studies with reference to the coordination of the activities of the Government pertaining to the taxation, control, and regulation of alcohol and alcoholic beverages, and such other investigations and studies as it deems necessary to aid it in performing its functions; (b) to exercise such powers and duties as may be vested in it by any code of fair competition or license under the National Industrial Recovery Act or by any marketing agreement or license under the Agricultural Adjustment Act, pertaining to alcohol or alcoholic beverages; (c) to prescribe

Federal Alcohol Control Administration

rules and regulations with respect to any such code, marketing agreement, or license, other than provisions thereof relating to hours of labor, rates of pay, or other conditions of employment; and

(6) To utilize the services of any department or other establishment or agency of the Government to the extent necessary to carry out the powers and duties of the Administration, including services of the Bureau of Internal Revenue, the Bureau of Customs, the Agricultural Adjustment Administration, and the Food and Drugs Administration. Any department, establishment, or agency whose services are so utilized may be compensated therefor from such funds as may be allocated to the Administration from moneys available for carrying out the purposes of Title I of the National Industrial Recovery Act.

(7) The Administration shall fix the compensation and define the powers and duties of the Director. The Director shall appoint and fix the compensation of such officers and employees of the Administration without regard to the civil-service rules and the Classification Act of 1923, as amended, and shall make such expenditures as may be necessary to carry out the powers and duties of the Administration.

(8) For the purposes of this order (including payment of the salary of the Director for the Administration), unless otherwise provided for, the sum of \$500,000 is hereby allocated from the appropriation of \$3,300,000,000 authorized by Section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933 (Public No. 77, 73d Congress).

175 ¶ The President Proclaims the Repeal of the Eighteenth Amendment. Proclamation No.

2065. December 5, 1933

WHEREAS the Congress of the United States in 2nd Session of the 72d Congress, begun at Washington on the fifth day of December in the year one thousand nine hundred and thirty-two, adopted a resolution in the words and figures following: to wit —

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States.

“Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States:

ARTICLE

“‘Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

“‘Section 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

“‘Section 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.’”

WHEREAS Section 217(a) of the Act of Congress entitled “An Act to encourage national industrial recovery, to foster competition, and to provide for the construction of certain useful public works, and for other purposes” approved June 16, 1933, provides as follows:

“Section 217(a) The President shall proclaim the date of
(1) the close of the first fiscal year ending June 30 of any year after the year 1933, during which the total receipts of the United States (ex-

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cluding public-debt receipts) exceed its total expenditures (excluding public-debt expenditures other than those chargeable against such receipts), or

(2) the repeal of the eighteenth amendment to the Constitution, whichever is the earlier."

WHEREAS it appears from a certificate issued December 5, 1933, by the Acting Secretary of State that official notices have been received in the Department of State that on the fifth day of December, 1933, Conventions in thirty-six States of the United States, constituting three-fourths of the whole number of the States had ratified the said repeal amendment;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America pursuant to the provisions of Section 217 (a) of the said Act of June 16, 1933, do hereby proclaim that the Eighteenth Amendment to the Constitution of the United States was repealed on the fifth day of December, 1933.

FURTHERMORE, I enjoin upon all citizens of the United States and upon others resident within the jurisdiction thereof, to cooperate with the Government in its endeavor to restore greater respect for law and order, by confining such purchases of alcoholic beverages as they may make solely to those dealers or agencies which have been duly licensed by State or Federal license.

Observance of this request, which I make personally to every individual and every family in our Nation, will result in the consumption of alcoholic beverages which have passed Federal inspection, in the break-up and eventual destruction of the notoriously evil illicit liquor traffic, and in the payment of reasonable taxes for the support of the Government and thereby in the superseding of other forms of taxation.

I call specific attention to the authority given by the 21st Amendment to the Government to prohibit transportation or importation of intoxicating liquors into any State in violation of the laws of such State.

I ask the wholehearted cooperation of all our citizens to the end that this return of individual freedom shall not be accompanied by the repugnant conditions that obtained prior to the

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adoption of the 18th Amendment and those that have existed since its adoption. Failure to do this honestly and courageously will be a living reproach to us all.

I ask especially that no State shall by law or otherwise authorize the return of the saloon either in its old form or in some modern guise.

The policy of the Government will be to see to it that the social and political evils that have existed in the pre-prohibition era shall not be revived nor permitted again to exist. We must remove forever from our midst the menace of the bootlegger and such others as would profit at the expense of good government, law and order.

I trust in the good sense of the American people that they will not bring upon themselves the curse of excessive use of intoxicating liquors, to the detriment of health, morals and social integrity.

The objective we seek through a national policy is the education of every citizen toward a greater temperance throughout the Nation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

NOTE: The 72d Congress, which convened following the 1932 election, passed the Twenty-first Amendment to the Constitution to repeal the Eighteenth Amendment.

Within ten months after the first proposal of the Twenty-first Amendment, it had been adopted by the requisite number of States, and the Eighteenth Amendment had been repealed. The thirty-sixth State to ratify the Amendment was Utah, on December 5, 1933; and immediately thereafter the foregoing Proclamation was issued.

I there expressed the hope, and

asked for united cooperation, that this return of individual freedom would not be accompanied by anti-social conditions, such as the saloon and the other evils of the pre-prohibition era. (See also Press Conference of October 11, 1933, Item 137, this volume.)

At the time of repeal the Congress was not in session. It was recognized that the individual States would not be able, by State or local legislation, adequately to supervise and regulate the liquor industry, which would evidently soon become again one of the largest in the

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United States. Before prohibition, Federal liquor legislation had been designed primarily only to obtain revenue and to prevent avoidance of the payment of revenue. Little if any effort had been made by the Federal Government to correct or regulate the social evils incidental to liquor traffic. When the prohibition amendment was repealed, the Administration had determined that the Federal authority would play a large part in controlling the liquor traffic.

• In view of the fact that the Congress was not in session at the time, the code system established under N.I.R.A. was used as a logical and available means for setting up, regulating, and controlling the industry until the Congress could adopt legislation for permanent regulation and control.

Accordingly, after public hearings, codes of fair competition were adopted for various alcoholic beverage industries, and the administration of them was vested in the Federal Alcohol Control Administration, which had been established by Executive Order No. 6474 on December 4, 1933. (See Item 174, this volume.)

The alcoholic beverage industries were represented by their respective code authorities, but the Federal Alcohol Control Administration was authorized to take independent action to punish violations of the codes, and to review the action taken by the code authorities.

The various powers of the mem-

bers of the Administration are set forth in the Executive Order.

No codes were adopted for the purely local retail liquor trade. Codes were adopted, however, for the distilling, rectifying, importing, wholesaling, brewing and wine-producing industries. These codes were drafted not only to prevent unfair competition among the various members of the industries, but also to prevent those practices which had brought discredit upon the entire industry before prohibition. For example, what was perhaps the outstanding evil before prohibition, the so-called tied house, was prohibited. This involved a practice which was prevalent in the fierce competition of pre-prohibition days, whereby producers and wholesalers would induce individual saloon keepers, by loans, gifts, rebates and other means, to enter into exclusive contracts for the sale of the products of certain producers.

Also, in order to eliminate the pressure for increased sales, the codes for the distilled spirits and wine producers authorized the Federal Alcohol Control Administration to limit or allocate production to a certain extent. Other evils were also prevented by code provisions prohibiting sales in bulk to wholesalers, retailers and consumers. The Administration was also given power by the codes to regulate advertising and labeling.

As a means of enforcing compliance with the codes, distillers, importers and wholesalers were re-

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quired to obtain permits from the Federal Alcohol Control Administration. This permit system enabled the Government to exclude racketeers and notorious criminals from the liquor industry.

This control by the permit system was very effective, and it remained in force until May 27, 1935, when the codes became inoperative as a result of the Supreme Court's decision declaring the N.I.R.A. unconstitutional. (See Items 65, 67, 68, and Introduction to Vol. IV.)

The Federal Alcohol Administration Act, which was enacted by the Congress after the code system of control was terminated, and as a substitute for it, embodied in it most of the requirements of the liquor codes, except, however, the con-

trol over prices, production, wages and hours, which had been formerly exercised under the codes. The Act was approved August 29, 1935, Pub. No. 401, 74th Congress; 48 Stat. 977.

Pursuant to the Act a division was set up in the Treasury Department called "Federal Alcohol Administration," headed by an Administrator appointed by the President, by and with the advice and consent of the Senate.

The statutory Federal Alcohol Administration took over the personnel and files of the old Federal Alcohol Control Administration set up by this Executive Order, and proceeded to interpret and enforce the new legislation.

176 ¶ White House Statement Concerning the National Emergency Council and Announcing Its Director. December 6, 1933

FOR the purpose of consolidating, coordinating and making more efficient and productive the emergency activities of the Federal Government, and for the purpose of assisting in carrying into effect the provisions of the various emergency acts, the President, by Executive Order, has created the National Emergency Council. This Council is composed of the following:

The Secretary of the Interior
The Secretary of Agriculture
The Secretary of Commerce
The Secretary of Labor
The Administrator of Agricultural Adjustment

The National Emergency Council

The Administrator for Industrial Recovery
The Administrator of Federal Emergency Relief
The Chairman of the Board of Home Owners Loan
Corporation
The Governor of the Farm Credit Administration,
and a representative of Consumers' Council.

The functions and duties of the Council will be prescribed by the President, and such rules and regulations as may be necessary to effectuate the purposes for which the Council is created will be prescribed by an Executive Director, subject to the approval of the President.

In order that local activities may be linked directly and effectively with the Federal administrative power, there will be appointed State directors for the National Emergency Council as well as county councils.

The Council will set up in Washington a central information bureau for the purpose of conveying to the general public all factual information with reference to the various governmental agencies. It will set up similar bureaus throughout the various counties in the United States. It will also provide machinery, temporary in character, for the adjustment of such controversies as may arise from the operation of the National Industrial Recovery Act and the Agricultural Adjustment Act.

The creation of this organization will bring about the elimination of a number of committees and agencies necessarily created during the early stages of the emergency, and will, thus, effectively consolidate and coordinate the field activities of the Government.

For the time being and until a permanent Executive Director is appointed, the President has asked Mr. Frank C. Walker, Executive Secretary of the Executive Council, to serve temporarily as Acting Executive Director of the National Emergency Council.

177 ¶ White House Statement on Respective Jurisdiction of A.A.A. and N.R.A. over Codes.

December 6, 1933

FOLLOWING a conference tonight with Secretary Wallace, George Peek and General Johnson, the President authorized the statement that, for the purpose of coordination, all codes under the N.I.R.A. including those under negotiation by the A.A.A. will be turned over to the Administrator of the N.R.A.

The only exception to this is codes pertaining to the manufacturers engaged in the first processing of agricultural products and handlers previous to the first processing. This work will be continued under the A.A.A.

NOTE: Executive Order No. 6551, approved January 8, 1934, issued pursuant to the foregoing statement, was brought about by the confusion attending joint jurisdiction by A.A.A. and N.R.A. over codes of certain trades and industries handling agricultural products. At a conference with the Secretary of Agriculture and the Administrators of the N.R.A. and A.A.A., the conclusion was reached that the action specified in the foregoing statement should be taken. The Executive Order also prescribed a procedure whereby questions of code jurisdiction might be determined by agreement between the Secretary of Agriculture and the Administrator of N.R.A., or finally by the President.

As a result of the Executive Order, most of the codes were transferred to N.R.A., leaving with the

Department of Agriculture nineteen approved codes for nineteen different industries. The codes all had provisions for maximum hours and minimum wages and provided for the abolition of child labor. Some of the codes also outlawed the most common kinds of unfair trade practices and cut-throat competition in the industries involved.

Executive Order No. 6764 dated June 29, 1934, and Executive Order No. 6999 dated March 30, 1935, related to the same general subject, i.e., the precise division of authority between N.R.A. and A.A.A. In brief, they defined certain categories of industries engaged in the processing of agricultural commodities to which the Orders applied, and provided that the labor provisions of codes for all of these industries should be approved by the National Recovery Administration, that the

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trade practice provisions for some of these industries should be under the sole jurisdiction of the Secretary of Agriculture, while the trade practice provisions for others of these industries should come in part under the jurisdiction of the Secretary of Agriculture and in part under the jurisdiction of the National Recovery Administration.

178 ¶ Address before the Federal Council of Churches of Christ in America — "The Right to a More Abundant Life." December 6, 1933

I AM honored by the privilege of speaking to the delegated representatives of twenty-five Christian denominations assembled here on the twenty-fifth anniversary of the Federal Council of Churches of Christ in America. In this quarter of a century you have surrendered no individual creed, but at the same time you have been creating a much-needed union that seeks to better the social and moral conditions of all the people of America.

During a quarter of a century more greatly controlled by the spirit of conquest and greed than any similar period since the American and the French Revolutions you have survived and grown. You have come through to the threshold of a new era in which your churches and the other churches — Gentile and Jewish — recognize and stand ready to lead in a new war of peace — the war for social justice.

Christianity was born in and of an era notable for the great gulf that separated the privileged from the underprivileged of the world of two thousand years ago — an era of lines of demarcation between conquerors and conquered; between caste and caste; between warring philosophies based on the theories of logicians rather than on practical humanities. The early churches were united in a social ideal.

Although through all the centuries we know of many periods when civilization has slipped a step backward, yet I am confident

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that over the sum of the centuries we have gained many steps for every one we have lost.

Now, once more, we are embarking on another voyage into the realm of human contacts. That human agency which we call government is seeking through social and economic means the same goal which the churches are seeking through social and spiritual means.

If I were asked to state the great objective which Church and State are both demanding for the sake of every man and woman and child in this country, I would say that that great objective is "a more abundant life."

The early Christians challenged the pagan ethics of Greece and of Rome; we are wholly ready to challenge the pagan ethics that are represented in many phases of our boasted modern civilization. We have called on enlightened business judgment, on understanding labor and on intelligent agriculture to provide a more equitable balance of the abundant life between all elements of the community.

We recognize the right of the individual to seek and to obtain his own fair wage, his own fair profit, in his own fair way — just so long as in the doing of it he does not push down or hold down his own neighbor. And at the same time, we are at one in calling for collective effort on broad lines of social planning—a collective effort which is wholly in accord with the social teachings of Christianity.

This new generation of ours stands ready to help us. They may not be as ready as were their fathers and mothers to accept the outward requirements or even many of the ancient observances of the several churches, yet I truly believe that these same churches can find in them a stronger support for the fundamentals of social betterment than many of the older generation are willing to concede.

This younger generation is not satisfied with the exposure of those in high places who seek to line their own nests with other people's money, to cheat their Government of its just dues or to break the spirit of the law while observing its legalistic letter.

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This new generation seeks action—action by collective government and by individual education, toward the ending of practices such as these.

This new generation, for example, is not content with preachings against that vile form of collective murder—lynch law—which has broken out in our midst anew. We know that it is murder, and a deliberate and definite disobedience of the Commandment, "Thou shalt not kill." We do not excuse those in high places or in low who condone lynch law.

But a thinking America goes farther. It seeks a Government of its own that will be sufficiently strong to protect the prisoner and at the same time to crystallize a public opinion so clear that Government of all kinds will be compelled to practice a more certain justice. The judicial function of government is the protection of the individual and of the community through quick and certain justice. That function in many places has fallen into a sad state of disrepair. It must be a part of our program to re-establish it.

From the bottom of my heart I believe that this beloved country of ours is entering upon a time of great gain. That gain can well include a greater material prosperity if we take care that it is a prosperity for a hundred and twenty million human beings and not a prosperity for the top of the pyramid alone. It can be a prosperity socially controlled for the common good. It can be a prosperity built on spiritual and social values rather than on special privilege and special power.

Toward that new definition of prosperity the churches and the Governments, while wholly separate in their functioning, can work hand in hand. Government can ask the churches to stress in their teaching the ideals of social justice, while at the same time government guarantees to the churches—Gentile and Jewish—the right to worship God in their own way. The churches, while they remain wholly free from even the suggestion of interference in Government, can at the same time teach their millions of followers that they have the right to demand of the Government of their own choosing, the maintenance and further-

ance of "a more abundant life." State and Church are rightly united in a common aim. With the help of God, we are on the road toward it.

179 ¶ A Letter on the Improvement of Agriculture. December 8, 1933

(Read to a meeting of the American Farm Bureau Federation on December 11, 1933.)

My dear Mr. O'Neal:

I WISH that I could have come to your meeting. I should have liked this opportunity of facing the members of the American Farm Bureau Federation and telling them, as man to man, how much I appreciate their warm support of the Administration program.

The members of the Farm Bureau know, as I do, that the maladjustment between supply and demand has been years in the making, and that it cannot be corrected overnight. Nevertheless, in a few short months the whole complexion of the agricultural outlook has been changed. Money is getting into the hands of the people who need it; it is coming from higher prices for the things farmers have to sell; it is coming in the form of Government checks for those cooperating producers who are willing to swap a hazardous present for immediate improvement and a stable future. This money is paying bills; it is putting men back to work in the cities producing the things that farmers buy, and enabling those men in turn to buy things that farmers produce. The process has already gone a long way in the South among the cotton and tobacco growers; wheat growers are beginning to experience it now, and the farmers of the corn belt will soon be in a position to experience it from the corn-hog adjustment campaign.

But, in all candor, I think a brief moment of gratification is enough; we seem to be on our way, but we are not yet out of the

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woods and it is of the utmost importance that we guard against letting a rise in farm income tempt us to forget the realities of supply and demand.

For it is only with full cooperation on the part of the farmers that the success of the program can be assured. That program is worthy of your complete confidence and support, for it looks not alone to immediate relief, but to a sustained prosperity based on sane principles.

Very sincerely yours,

Edward A. O'Neal, Esq.,
President, American Farm Bureau Federation,
Chicago, Illinois.

180 ¶ The President Urges Peace in the Chaco
— A Message to the President of the Pan-American Conference. December 12, 1933

I WISH to express to Your Excellency my fervent and devout hope that the efforts which I understand are being made by the Conference, both individually and collectively, the efforts being made by the League of Nations, by His Excellency the President of Uruguay, and those cooperating with him, and by all other agencies to bring about a cessation of the tragic warfare between Bolivia and Paraguay may speedily result in overwhelming success.

NOTE: The purpose and some general results of this Conference are discussed in Item 156 of this volume. Some of the more important concrete accomplishments of the Conference are here outlined:

Several instruments of international agreement were adopted at this Conference to which the United States became a party; for example:

(1) Convention on Nationality of Women; (2) Convention on Extradition; (3) Convention on Rights and Duties of States; (4) Additional Protocol to the General Convention of Inter-American Conciliation of 1929.

The cause of peace on this hemisphere was strengthened, not only by the signing of the Additional

Peace in the Chaco

Protocol above mentioned, but also by insistence at the Conference that hostilities cease in the Chaco, and by the inauguration at the Conference of steps leading to the termination of the war between Bolivia and Paraguay.

A broad constructive economic program was presented by Secretary of State Hull, and adopted at the Conference. It attacked the destructive commercial policies of artificial trade barriers and high protective tariffs. The Governments subscribed to the principles of reducing these tariffs and artificial barriers to trade, of the abolition of export and import prohibitions and restrictions, and of equality of treatment and the adoption of the most-favored-Nation clause.

The Convention on the Rights and Duties of States contained an article to the effect that no State has the right to intervene in the affairs of another. I believe that the signing of this Convention, after the positive refusal by the United States to intervene in Cuba in August, 1933 (see Item 114 of this volume), served to convince the other countries of this hemisphere of the absolute sincerity of this new non-intervention policy on the part of the United States.

The Conference adopted measures dealing with commercial arbitration, promotion of tourist travel, protection of patents, Pan-American short-wave frequencies, and import quotas.

It also did effective work in the

establishment of a procedure for the codification of international law and for the promotion of scientific, literary and general cultural development.

In my statement of November 9, 1933 (see Item 156, this volume), I stressed the importance of improving transportation and communication between the countries of the Western hemisphere by air, highway, water and rail. Much was done along these lines. The survey report of the Pan-American Highway was submitted. (See Items 38 and 38A of Vol. III.) The Conference recommended the completion of the Pan-American Railway. It also recommended that a meeting of aviation experts be called to study ways and means of improving air traffic and adopted several measures designed to facilitate travel by air between the American Republics. The Inter-American Technical Aviation Conference was held in Lima September 15-25, 1937.

The Conference provided for the calling of a special commercial conference to consider problems relating to trade facilities, customs procedure, classification of merchandise, et cetera. This conference was held in Buenos Aires, May 26-June 19, 1935.

The outstanding achievements at Montevideo can be summarized therefore as (1) creation of a new spirit of friendship and confidence among the Republics of America; (2) the beginning of a strong liberal trade policy; (3) steps toward the

To the Federation of Women's Clubs

establishment of peace machinery; (4) steps in the improvement of inter-American communication and transportation; (5) collective adoption of the principle of non-intervention. for improving and promoting a new era of permanent friendliness, understanding, and economic and neighborly cooperation which now exists throughout the Western hemisphere.

On the whole it was responsible

181 ¶ A Greeting to the Federation of Women's Clubs. December 14, 1933

My dear Mrs. Poole:

THE DAWN of a New Year always is a challenge. It suggests new opportunities. It is characterized by inventories, accountings of past performances, making of new estimates and resolutions.

We enter upon the New Year with a realization that we have crossed the threshold of a New Era. We have the opportunity of improving conditions and making our country a better home, materially and spiritually, for more than 120,000,000 people. To do this will require the concerted aid and continued efforts of many forces — of Government, Federal, State and local; of social, spiritual, industrial and financial agencies.

I welcome this opportunity to express my thanks for the splendid cooperation which you and members of the General Federation of Women's Clubs have given to me and the Government. Your support of the measures initiated by the Government to end the terrible depression and to establish social justice and economic security for all of our people has been and is a real influence for the good we have been able to accomplish.

I ask that we, men and women of the present and the new generations, continue to work together. With such united effort, we can attain the strength and force necessary to cure existing ills and give us a new national health and prosperity.

Very sincerely yours,

Mrs. Grace Morrison Poole,
Washington, D. C.

182 ¶ The Powers of the National Labor Board Are Increased. Executive Order No. 6511.

December 16, 1933

BY VIRTUE of the authority vested in me under Title I of the National Industrial Recovery Act approved June 16, 1933 (Public No. 67, 73d Congress), and in order to effectuate the purposes of said Act, it is hereby ordered as follows:

(1) The National Labor Board, created on August 5, 1933, to "pass promptly on any case of hardship or dispute that may arise from interpretation or application of the President's Reemployment Agreement," shall continue to adjust all industrial disputes, whether arising out of the interpretation and operation of the President's Reemployment Agreement or any duly approved industrial code of fair competition, and to compose all conflicts threatening the industrial peace of the country. All action heretofore taken by this Board in the discharge of its function is hereby approved and ratified.

(2) The powers and functions of said Board shall be as follows:

(a) To settle by mediation, conciliation, or arbitration all controversies between employers and employees which tend to impede the purposes of the National Industrial Recovery Act, provided, however, the Board may decline to take cognizance of controversies between employers and employees in any field of trade or industry where a means of settlement, provided for by agreement, industrial code, or Federal law, has not been invoked.

(b) To establish local or regional boards upon which employers and employees shall be equally represented, and to delegate thereto such powers and territorial jurisdiction as the National Labor Board may determine.

(c) To review the determinations of the local or regional boards where the public interest so requires.

(d) To make rules and regulations governing its procedure and the discharge of its functions.

The Airplane's Thirtieth Anniversary

NOTE: The foregoing Order was issued by me, to strengthen the hand of the National Labor Board, which I had appointed on August 5, 1933. (See Item 109, this volume.) There had been several flagrant cases of defiance of the Board by large employers of labor. The foregoing Order gave the Board the right to adjust all industrial disputes arising out of the operation of the President's Reemployment Agreement or the various codes, and to compose all conflicts threatening the industrial peace of the country. Subsequent Executive Orders (Executive Order No. 6580, of February 1, 1934, and Executive Order No. 6612-A, of February 23, 1934) approved and ratified the previous Orders of the Board, and gave it specific authority to hold elections to determine the employees' choice of representatives for the purpose of collective bargaining with their employers, and to publish the names of such chosen representatives.

The Board was further authorized to present its findings of violations of Section 7-A to the Attorney General for possible prosecution. During the existence of this first National Labor Board, from August 5, 1933, to July 9, 1934, when it was succeeded by the first National Labor Relations Board (see Item 118A, Vol. III), the Board and its agents settled 1,019 strikes involving 644,200 employees, and was successful in averting strikes in 498 cases involving 481,600 employees. In addition, the Board was able to settle about 1,800 disputes in cases where there were no strikes or threats of strikes.

This first National Labor Board, therefore, had a decidedly beneficial effect on labor relations and on recovery in general by saving money and preventing industrial strife and suffering through peaceful settlement of disputes. It was equally valuable in providing experience for later Federal legislation in connection with labor relations.

183 ¶ A Letter of Congratulations on the Thirtieth Anniversary of the Airplane.

December 16, 1933

Dear Mr. Wright:

I HAVE noted with keen interest the plans for a nationwide observance tomorrow of the Thirtieth Anniversary of the first flight of man in an airplane.

It is a source of gratification to me to know that it was an

The Electric Home and Farm Authority

American who gave the world mechanical wings, and it is an even greater satisfaction to realize the part that America has taken in the rapid development of this newest and swiftest form of transportation.

Although only thirty years have passed since that eventful day when you made the first actual flight in a heavier-than-air power-driven vehicle, the airplane has progressed to a point where, today, it is an indispensable unit in our national defense and an exceedingly important adjunct to the commerce of the Nation. I trust and believe that each succeeding year will produce still more important developments, and that with each succeeding future anniversary we will have reason to be even more grateful to the two pioneers who made possible this great industry.

May I add my personal and very sincere congratulations to you on this historic anniversary?

Sincerely yours,

Orville Wright, Esq.,
c/o Honorable Hiram Bingham,
Washington, D. C.

NOTE: Similar letters, not printed in these volumes, were written by me in subsequent years on the occasion of this anniversary.

184 ¶ Authorization of the Electric Home and Farm Authority. Executive Order No. 6514.

December 19, 1933

WHEREAS the Congress of the United States has in the National Industrial Recovery Act, approved June 16, 1933 (Public No. 67, 73d Congress), declared it to be the "policy of Congress . . . to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups . . . to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restric-

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tion of production . . . to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry . . .” and

WHEREAS, in order to effectuate such policy the President is “authorized to establish such agencies . . . as he may find necessary . . .” and

WHEREAS, in order, effectively and efficiently, to carry out said policy of the National Industrial Recovery Act, it is expedient and essential that a corporation be organized having the powers and functions of a mortgage-loan company and such other powers and functions as may be necessary to accomplish the purposes of said Act;

NOW, THEREFORE, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is hereby ordered that an agency, to wit, a corporation, under the laws of the State of Delaware, be created, said corporation to be named the ELECTRIC HOME AND FARM AUTHORITY, INC.

The governing body of said corporation shall consist of a Board of Directors composed of three (3) members, and the following persons, who have been invited and have given their consent to serve, shall be elected by the incorporators as such directors:

Arthur E. Morgan, Director and Chairman, Tennessee Valley Authority

Harcourt A. Morgan, Director, Tennessee Valley Authority

David E. Lilienthal, Director and General Counsel, Tennessee Valley Authority.

The office and principal place of business of said corporation outside of the State of Delaware shall be at such place in any of the Tennessee Valley States as the Board of Directors shall select and determine, and offices may be established in such places as said Board of Directors shall select and determine.

The capital stock of said corporation shall consist of ten thou-

The Electric Home and Farm Authority

sand (10,000) shares of the par value of one hundred (\$100.00) dollars each.

The persons above named are hereby authorized and directed to cause said corporation to be formed, with such articles or certificate of incorporation, and by-laws, as shall be deemed requisite and necessary, and to define the methods by which said corporation shall conduct its business.

The persons above named are hereby authorized and directed to subscribe for all of said capital stock for the use and benefit of the United States. There is hereby set aside for the purpose of subscribing to the capital stock in said corporation the sum of one million (\$1,000,000.00) dollars out of the appropriation of \$3,300,000,000 authorized by Section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public No. 77, 73d Congress).

It is hereby further ordered that any outstanding stock standing in the name of the United States shall be voted by the directors of the Tennessee Valley Authority, jointly, or by such person or persons as the said directors of the Tennessee Valley Authority shall appoint as their joint agent or agents for that purpose.

The Board of Directors (other than the initial Board of Directors) shall be elected, and any vacancies thereon shall be filled by the directors of the Tennessee Valley Authority, jointly, subject to the approval of the President.

The Board of Directors may, without regard to the provisions of the civil service laws or the Classification Act of 1923, as amended, appoint and fix the compensation and prescribe the duties, authorities, responsibilities, and tenure of such officers and employees, and make such expenditures (including expenditures for personal services, and rent at the seat of the Government and elsewhere, for law books and books of reference, and for paper, binding, and printing) as may be necessary to carry into effect the provisions of this Order. The Board of Directors may also, with the consent of any board, commission, independent establishment, or Executive department of the Government,

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including any field service thereof, avail itself of the services of the officers, employees, and the facilities thereof and, with the consent of the State or municipality concerned, may utilize such State and local officers and employees as it may deem necessary.

NOTE: The foregoing Executive Order authorized the creation of the Electric Home and Farm Authority, Inc. (EHFA), for the purpose of cooperating with businesses manufacturing and selling various large electrical appliances, such as refrigerators, washing machines and farm machinery, in an effort to bring the benefits of a wide use of electricity at low cost to consumers living in the seven Tennessee Valley States. The corporation was organized under the laws of Delaware, on January 17, 1934 (Executive Order No. 6514). Its directors were the same as the directors of the Tennessee Valley Authority itself (see Item 36, this volume).

The high cost of electric power and the high cost of household electrical appliances constitute a double barrier to the full use of electricity in homes and on farms. Lower cost of appliances naturally will encourage a greater consumption of electricity; greater consumption of electricity will naturally reduce electricity rates; reduced rates, in turn, will bring about a wider purchase of electric appliances. The chief function of EHFA was to help consumers buy these appliances on reasonable installment terms.

The plan under which the Elec-

tric Home and Farm Authority operated was as follows: On the basis of conferences with leaders of the industry, EHFA obtained agreements with the principal electric equipment manufacturers by which standard quality appliances were made available at substantially reduced prices. Certain dealers in approved electrical appliances were designated by the Authority in the various localities. The dealer would sell an appliance, such as an electric refrigerator, range, or water heater, to the consumer on long-term credit. The consumer was given three or four years in which to pay for the appliance in installments. The dealer, however, would be paid by the Authority immediately upon the purchase, and would assign to the Authority the consumer's note for the appliance.

The EHFA finance plan then made available its low-cost time-purchase facilities. The consumer paid for the appliance in small monthly payments which were collected by the cooperating local utility company, which would add the amount of the monthly payment to the consumer's monthly light bill. Cooperation with utilities was on the basis of agreements, which included provisions for domestic

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and farm electric rates sufficiently low to warrant a wider use of house appliances.

The EHFA program was thus threefold: lower prices for appliances of standard quality; substantially reduced costs for term-payment financing; reduced electric rates making wider use of appliances possible.

The Authority operated with a capital of one million dollars allocated from funds appropriated by the National Industrial Recovery Act, and with a credit of ten million dollars from the Reconstruction Finance Corporation. Only the products of those manufacturers who agreed to produce special low-cost appliances were approved for inclusion in the plan.

By July 31, 1935, there were forty-six manufacturers of electrical appliances producing equipment

approved by the Authority, 311 approved retail dealers, and 24 co-operating power utilities. Almost six thousand installment contracts had been taken over by the Authority, totaling almost a million dollars.

The creation of the Electric Home and Farm Authority for the Tennessee Valley had been justified and had supplied an example of what could be done in the rest of the United States.

On August 12, 1935, by Executive Order No. 7139, a new Electric Home and Farm Authority was created, replacing the original corporation. The new Authority was designated as an agency of the United States, with power to carry out the same kind of financing operations throughout the entire country (see Item 106, Vol. IV).

185 ¶ Statement and Executive Order Adding the Members of the Special Industrial Recovery Board to the National Emergency Council.

December 19, 1933

AS THE next step in unifying the Recovery Program for the single purpose of efficiency, the President has by Executive Order included all members of the Special Industrial Recovery Board in the National Emergency Council. This action adds as members of the National Emergency Council the following:

The Attorney General The Director of the Budget
The Chairman of the Federal Trade Commission

The National Emergency Council

Hereafter the National Emergency Council will assume the responsibilities and carry out the duties of the Recovery Board as provided in the Executive Order of June 16, 1933, and as supplemented by the Executive Order of July 15, 1933.

The National Emergency Council is proceeding with a preliminary organization. It is seeking to select with care an outstanding citizen in each State as State Director. It is studying the extent to which it will be necessary to organize local councils. It is drafting a system of linking these councils together and with Washington, so that all Emergency Agencies can function effectively.

Until this survey is completed it will be necessary to continue the existing local committees. For this purpose the President has by Executive Order withheld the abolition of these committees for thirty days from December 17, 1933.

A survey of this projected field activity now is under way for use in the preparation of a tentative budget. From the preliminary estimates of the cost it seems very likely that operation under the Council will save the Federal Treasury a very large sum of money. The use of a single field organization instead of separate ones for each emergency agency will wipe out all needless and costly duplication of personnel, and in addition will make for a more effective administration.

The Council also is going ahead with the preparation of its plan to provide every citizen in the country with easily understood guidance for the use of the Recovery and Relief Agencies. Its factual information is being assembled and a system is being charted for its distribution.

The National Emergency Council plans to hold its first meeting Tuesday, December 19. Thereafter it is expected that the National Emergency Council and the Executive Council will meet on alternate Tuesdays.

The National Emergency Council

185A ¶ Executive Order No. 6513, Accompanying the Preceding Order. December 19, 1933

WHEREAS Executive Order No. 6433-A, dated November 17, 1933, provides that the National Emergency Council "shall be composed of the following and such other members as the President may designate" and those designated therein include all members of the Special Industrial Recovery Board, appointed by Executive Order No. 6173, dated June 16, 1933 (as supplemented by Executive Order No. 6205-A, dated July 15, 1933), except the Attorney General, the Director of the Bureau of the Budget and the Chairman of the Federal Trade Commission; and

WHEREAS it is desirable, in the public interest, that all members of the Special Industrial Recovery Board be included in the National Emergency Council and that their functions and duties be coordinated;

NOW, THEREFORE, it is hereby ordered that all members of the Special Industrial Recovery Board, including the Attorney General, the Director of the Bureau of the Budget, and the Chairmen of the Federal Trade Commission, are designated and included as members of the National Emergency Council and that all functions and duties of said Board hereafter be exercised and performed by said Council.

NOTE: The foregoing Order added all of the members of the Special Industrial Recovery Board which had been set up under N.I.R.A. by Executive Order No. 6173, June 16, 1933 (see Item 79, this volume), to the membership of the National Emergency Council.

186 ¶ The President's Reemployment Agreement Is Extended for Four Months. Presidential Statement. December 20, 1933

THE President's Reemployment Agreement according to its original terms will end on December 31. At that time permanent Codes of Fair Competition will apply to approximately 70 per cent of all employees who will eventually be covered by Codes.

In the midst of winter and with many persons out of work, it is essential that the new year should not bring with it any let down in the Recovery Program in the trades and industries which at that time have not come under approved Codes and to which, therefore, only the President's Reemployment Agreement applies.

I am, therefore, inviting every employer in those trades and industries to join with me in an extension of the President's Reemployment Agreement for four months. By that time it is expected that the process of Code making will have been virtually completed.

I urge all employers in trades and industries not covered by Codes to cooperate by continuing to maintain higher wages and shorter hours. The need for their help is still great.

Employers joining with me in this extension of the President's Reemployment Agreement may continue to display the Blue Eagle as a symbol of their cooperation and those few employers who have not heretofore signed the agreement may sign it as extended and upon delivering a signed certificate of compliance to the Post Office may obtain a Blue Eagle.

Display of the Blue Eagle on or after January 1, 1934, by an employer whose business is not entirely covered by an approved Code will be treated as an acceptance of the extension of the President's Reemployment Agreement and a representation that he is complying with it for that part of his business not covered by approved Codes.

(See Item 105, this volume, for original Reemployment Agreement.)

187 ¶ Statement and Proclamation Ratifying the
London Agreement on Silver. December 21, 1933

UNDER the clear authority granted to me by the last session of the Congress, I have today, by proclamation, proceeded to ratify the London agreement with regard to silver, which has already been put into effect by the Government of India, and on which I understand other Nations concerned are about to act.

This proclamation, in accordance with the Act of Congress, opens our mints to the coinage of standard silver dollars from silver hereafter produced in the United States or its possessions, subject to the depositors of such silver surrendering to the Government one-half of it as seigniorage and to cover all usual charges and expenses. The dollars coined from half of such newly mined silver will be returned to the depositor. The half surrendered to the Government will be retained in the Treasury.

It will be remembered that at the London Conference sixty-six Governments unanimously adopted the silver resolution proposed by our Government, providing in substance that these Governments would refrain from the policy and practice of melting up and debasing silver coins; that they would replace low-valued paper money with silver coins; and that they would not enact legislation that would depreciate the value of silver in the world market. This resolution, however, was contingent upon an agreement between the Governments of those countries producing large quantities of silver and the Governments of those countries holding or using large quantities, looking to the elimination of an unnatural oversupply of silver on the markets of the world. This agreement, of course, was for the purpose of allowing demand and supply to govern the price of silver by the limitation and neutralization of this oversupply derived from the melting up of silver coins.

India had the power to dispose of, on the markets of the world, at any time, and at any price, hundreds of millions of ounces of silver. In fact, India had the power and capacity to dump silver

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derived from the melting up of Indian silver coins in an amount equal to the world's production from the mines for the period of two years. This power and the uncertainty attending its execution was destructive of the value and stability of silver throughout the world.

China agreed, during the period of four years commencing January 1, 1934, and ending January 1, 1938, not to permit the sale of any silver derived from the debasing or melting up of silver coins. India agreed to limit the sales of such silver to a maximum of 35,000,000 ounces annually during such period and Spain agreed not to sell in excess of 5,000,000 ounces of such silver annually during such period. After such sales, these Governments are to be bound by the general resolution adopted at the London Conference to which I have heretofore referred.

As a condition of the agreement by China, India and Spain, however, it was required that Australia, Canada, Mexico, Peru and the United States should take silver from the production of their respective mines to the gross amount of 35,000,000 ounces annually for such period of four years. The United States, by reason of its large population and its large silver production, agreed to take from its mines annually at least 24,421,410 ounces of silver during such period.

The production of the United States for 1932 was approximately 24,000,000 ounces of silver.

187A ¶ Proclamation No. 2067, Accompanying the Preceding Statement. December 21, 1933

WHEREAS, by paragraph (2) of Section 43, Title III, of the Act of Congress, approved May 12, 1933 (Public No. 10), the President is authorized "By proclamation to fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of the silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary

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from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed . . .” and

WHEREAS, from investigations made by me, I find it necessary, in aid of the stabilization of domestic prices and in accordance with the policy and program authorized by Congress, which are now being administered, and to protect our foreign commerce against the adverse effect of depreciated foreign currencies, that the price of silver be enhanced and stabilized; and

WHEREAS, a resolution presented by the Delegation of the United States of America was unanimously adopted at the World Economic and Monetary Conference in London on July 20, 1933, by the representatives of sixty-six Governments, which in substance provided that said Governments will abandon the policy and practice of melting up or debasing silver coins; that low-valued silver currency be replaced with silver coins and that no legislation should be enacted that will depreciate the value of silver; and

WHEREAS, a separate and supplemental agreement was entered into, at the instance of the representatives of the United States, between China, India, and Spain, the holders and users of large quantities of silver, on the one hand, and Australia, Canada, Mexico, Peru, and the United States on the other hand, as the chief producers of silver, wherein China agreed not to dispose of any silver derived from the melting up or debasement of silver coins, and India agreed not to dispose of over 35,000,000 ounces of silver per annum during a period of four years commencing January 1, 1934, and Spain agreed not to dispose of over 5,000,000 ounces of silver annually during said period, and both of said Governments agreed that at the end of said period of four years they would then subject themselves to the general resolution adopted at the London Conference, and in consideration of such limitation it was agreed that the Governments of the five producing countries would each absorb from the mines in their

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respective countries a certain amount of silver, the total amount to be absorbed by said producing countries being 35,000,000 ounces per annum during the four years commencing the first day of January, 1934; that such silver so absorbed would be retained in each of said respective countries for said period of four years, to be used for coinage purposes or as reserves for currency, or otherwise to be retained and kept off the world market during such period of time, it being understood that of the 35,000,000 ounces the United States was to absorb annually at least 24,421,410 ounces of the silver produced in the United States during such period of time.

NOW, THEREFORE, finding it proper to cooperate with other Governments and necessary to assist in increasing and stabilizing domestic prices, to augment the purchasing power of peoples in silver-using countries, to protect our foreign commerce against the adverse effect of depreciated foreign currencies, and to carry out the understanding between the sixty-six Governments that adopted the resolution hereinbefore referred to; by virtue of the power in me vested by the Act of Congress above cited, the other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, Franklin D. Roosevelt, President of the United States of America, do proclaim and direct that each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed hereunder by the Secretary of the Treasury, is satisfied has been mined, subsequent to the date of this proclamation, from natural deposits in the United States or any place subject to the jurisdiction thereof. The Director of the Mint, with the voluntary consent of the owner, shall deduct and retain of such silver so received 50 percent as seigniorage and for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is, 50 percent thereof, shall be coined into standard silver dollars and the same, or an equal number of other standard

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silver dollars, shall be delivered to the owner or depositor of such silver. The 50 percent of such silver so deducted shall be retained as bullion by the Treasury and shall not be disposed of prior to the thirty-first day of December, 1937, except for coining into United States coins.

The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this proclamation. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations made pursuant to the Act of Congress, approved April 23, 1918 (40 Statutes at Large, Page 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver, mined subsequent to the date of this proclamation from natural deposits in the United States or any place subject to the jurisdiction thereof, shall be identified.

This proclamation shall remain in force and effect until the thirty-first day of December, 1937, unless repealed or modified by Act of Congress or by subsequent proclamation.

The present ratio in weight and fineness of the silver dollar to the gold dollar shall, for the purposes of this proclamation, be maintained until changed by further order or proclamation.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this proclamation as the interest of the United States may seem to require.

NOTE: The Democratic National Platform of 1932 provided for "an International Monetary Conference called on the invitation of our Government to consider the rehabilitation of silver and related questions." I also referred to our objectives and aims in my campaign speeches at Butte, Montana, and Salt Lake City, Utah, in 1932 (see Vol. I).

By the Act of May 12, 1933 (see

Item 54, this volume) the President was authorized to fix the weight of the silver dollar as well as the gold dollar; to provide for unlimited coinage of silver; and for a period of six months from the date of the passage of the Act to accept silver in payment of any debt due from any foreign Government to the United States at a price not to exceed 50¢ an ounce.

This legislation, so far as silver

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was concerned, was designed to place additional powers in the hands of the President to secure the monetary objectives with respect to silver, and also to facilitate payment by foreign Nations of their debts to the United States.

The London Monetary and Economic Conference passed a resolution pledging the various parties to refrain from debasement of silver coin, and to substitute silver for low-value paper currency. This resolution was sponsored by the delegates from the United States. Besides, a separate agreement was entered into between the United States, Australia, Canada, Mexico and Peru, the countries producing silver, and China, India and Spain, holders and users of silver, providing for the limitation of sales of silver by the latter group, and purchases of silver by the former group. Both the resolution and the agreement were designed to stop by international action the decline in the price of silver and subsequently to stabilize the price.

The foregoing Proclamation di-

rected the various coinage mints of the United States to receive for coinage into standard silver dollars all silver mined subsequent to December 21, 1933, from natural deposits in the United States, or in any place subject to its jurisdiction. Fifty percent of the silver so received was to be deducted as seigniorage, etc., and the amount to be returned to the depositor of the silver was sixty-four cents per fine ounce. Further regulations governing the receipt of newly mined domestic silver were issued from time to time.

The purpose of this Proclamation was to raise and then stabilize the price of silver in order to help (a) increase and then stabilize the commodity price level; (b) protect our commerce further from the adverse effects of depreciated foreign currencies; (c) augment the purchasing power of countries using silver; and (d) carry out the undertaking made at the London Conference.

See Item 16 of Vol. III for a general summary of the monetary policy of the Administration.

188 ¶ Statement and Christmas Amnesty Proclamation for Certain War-time Offenders Who Have Completed Their Prison Sentences.

December 23, 1933

DURING the World War, a large number of persons were convicted under the Espionage Act and the Selective Service Act of

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giving utterance to sentiments adverse to the prosecution of the War and to the enforcement of the draft. They have paid the penalty that the law imposed on them. The emergency that made it necessary to punish them has long expired. Fifteen years have elapsed since the end of the War.

Accordingly I have issued a Christmas Amnesty Proclamation, extending a full pardon to all persons who were convicted of such war-time offenses, and who have complied with the sentences imposed on them. The effect of this proclamation is to restore to such persons their full civil rights.

The benefit of the Proclamation extends to all persons who were convicted of violations of Section 3 of Title I of the Espionage Act or of a conspiracy to violate the same; or of a conspiracy to violate Section 5 of the Selective Service Act; provided that they carried out the terms of the sentences which the courts inflicted. The former statute relates to the publication of seditious literature and the making of seditious speeches; the latter provision covers conspiracy to obstruct or interfere with the enforcement of the draft.

The proclamation expressly provides that the pardon does not extend to any other offenses than those specifically enumerated, whether committed before or after such offenses.

(See Item 188A and note following.)

188A ¶ Proclamation No. 2068, Accompanying the Preceding Statement. December 23, 1933

WHEREAS, in and by the Constitution of the United States of America, it is provided that the President "shall have power to grant reprieves and pardons for offenses against the United States, except in cases of impeachment," and

WHEREAS, various persons have been from time to time convicted in the Courts of the United States of violations of certain statutes enacted during the war between the United States and

Christmas Amnesty

the Imperial German Government and Imperial Austro-Hungarian Government, to wit:

Section 3 of Title I of the Act approved June 15, 1917, entitled "An Act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes" (40 Stat. 217); and said section as amended by the Act approved May 16, 1918 (40 Stat. 553); or of a conspiracy to violate the same;

Conspiracy to violate Section 5 of the Act approved on June 15, 1917, entitled "An Act to authorize the President to increase temporarily the Military Establishment of the United States" (40 Stat. 76); and said Section as amended by the Act approved August 31, 1918 (40 Stat. 955); and

WHEREAS, the emergency contemplated by the aforesaid statutes has long expired;

NOW, THEREFORE, Be it known, that I, Franklin D. Roosevelt, President of the United States of America, in consideration of the premises, divers other good and sufficient reasons me thereunto moving, do hereby declare and grant a full pardon to all persons who have heretofore been convicted of a violation of any of the foregoing statutory provisions or of a conspiracy to violate the same, and who have complied with the sentences imposed on them; provided, however, that such pardon shall not be construed to pardon such persons for any offenses other than those designated herein, whether committed prior or subsequently to the offenses herein designated.

NOTE: On December 23, 1933, I issued the foregoing Amnesty Proclamation, granting a pardon to all persons who had been convicted of a violation of the so-called espionage laws during the World War, and who had complied with the sentences imposed on them.

Ever since the termination of the World War, there had been agita-

tion on the part of certain liberal groups urging a general amnesty for all persons who had been convicted under the Espionage Act of advocating opposition to the War or resistance to the draft, or who had been convicted of declining to submit to the draft or evading it. The purpose of the proposed amnesty was to restore civil rights to persons

A Christmas Greeting to the Nation

who had been convicted of these violations of law.

The records of the Department of Justice showed that between 500 and 600 persons would be affected by such action.

It should be noted that the amnesty, by its express terms, was limited to such persons as had complied with the sentences imposed on them. This provision eliminated from its benefits fugitives from justice. The Proclamation was also confined to convictions under certain statutory provisions which did not include the urging of treason, insurrection or forcible resistance to the law.

There are a number of precedents for general amnesties of this kind. For example, on July 10, 1795, President Washington issued a Proclamation granting a pardon to per-

sons who had participated in the Whiskey Rebellion. A similar Proclamation was issued by President John Adams on May 21, 1800. On February 6, 1815, President Madison issued a general pardon to a group of smugglers having their headquarters on Barataria Island in the Mississippi River, who had also aided in the defense of New Orleans. A series of limited Amnesty Proclamations were issued subsequent to the Civil War, which culminated in the Proclamation made by President Johnson on December 25, 1868, declaring full amnesty and pardon for all persons participating in the Rebellion. On March 5, 1924, President Coolidge issued an amnesty to all persons who had deserted from the Military or Naval Service between November 11, 1918, and the end of the War.

189 ¶ A Christmas Greeting to the Nation.

December 24, 1933

WE IN the Nation's capital are gathered around this symbolic tree celebrating the coming of Christmas; in spirit we join with millions of others, men and women and children, throughout our own land and in other countries and continents, in happy and reverent observance of the spirit of Christmas.

For me and for my family it is the happiest of Christmases.

To the many thousands of you who have thought of me and have sent me greetings, and I hope all of you are hearing my voice, I want to tell you how profoundly grateful I am. If it were within my power so to do I would personally thank each and

A Christmas Greeting to Diplomatic Officers

every one of you for your remembrance of me, but there are so many thousands of you that that happy task is impossible.

Even more greatly, my happiness springs from the deep conviction that this year marks a greater national understanding of the significance in our modern lives of the teachings of Him whose birth we celebrate. To more and more of us the words "Thou shalt love thy neighbor as thyself" have taken on a meaning that is showing itself and proving itself in our purposes and daily lives.

May the practice of that high ideal grow in us all in the year to come.

I give you and send you one and all, old and young, a Merry Christmas and a truly Happy New Year.

And so, for now and for always "God Bless Us Every One."

190 ¶ A Christmas Greeting to the Army and Navy. December 24, 1933

MY CHRISTMAS greetings and good wishes to the officers and men of the Army and Navy. I am proud of you.

ROOSEVELT
Commander-in-Chief

NOTE: A few of the various Christmas greetings to different organizations have been included in subsequent volumes. Not all greetings, but only typical ones, have been printed.

191 ¶ Typical Christmas Greetings to American Diplomatic Officers. December 24, 1933

AS THE year draws to a holiday pause before its close, I take much pleasure in sending out to you and through you to your personal and official family, and to the Foreign Service staffs my heartiest good wishes. Your loyal and intelligent cooperation with us in Washington has made these recent months of our association a

To the Woodrow Wilson Foundation

source of great satisfaction and encouragement to me in this important period of our country's development.

In offering my best greetings for Christmas and the New Year, I look forward in confident anticipation to continuing mutual co-operation during 1934.

192 ¶ Address before the Woodrow Wilson Foundation — "From Now on, War by Governments Shall Be Changed to Peace by Peoples."

December 28, 1933

COMPREHENSION must be the soil in which shall grow all the fruits of friendship." Those words, used by President Wilson in the Mobile speech in 1913, twenty years ago, can well serve as a statement of policy by the Government of the United States. That policy applies equally to a comprehension of our internal problems and our international relations.

Woodrow Wilson was a teacher, and when he used that word "comprehension" he meant it not in terms of the statesmen and political leaders and business executives and financial kings; he meant it rather in its application to the peoples of the world who are constantly going to school to learn simple truths in order that they and their neighbors can live their lives more safely, more happily, more fully.

In every continent and in every country Woodrow Wilson accelerated comprehension on the part of the people themselves. It is, I believe, true that the events of the past ten months have caused a greater interest in government, the problems of government, and the purposes of government than in any similar period in our American history; and yet this recent interest and comprehension would have been impossible for the American people had they not had from Woodrow Wilson the original stimulus, the original understanding of which he spoke twenty years ago.

To the Woodrow Wilson Foundation

In that speech in Mobile, President Wilson first enunciated the definite statement "that the United States will never again seek one additional foot of territory by conquest." The United States accepted that declaration of policy. The President went further, pointing out with special reference to our Latin American relations, our neighbors, that material interests must never be made superior to human liberty.

Nevertheless, we know that largely as a result of the convulsion of the World War and its after effects, the complete fruition of that policy of unselfishness has not in every case been obtained. And in this we, all of us, in all of these American Nations have to share the responsibility.

I do not hesitate to say that if I had, for example, been engaged in a political campaign as a citizen of some other American Republic I might have been strongly tempted to play upon the fears of my compatriots of that Republic, by charging the United States of North America with some form of imperialistic desire for selfish aggrandizement. As a citizen of some other Republic I might have found it difficult to believe fully in the altruism of the richest American Republic. In particular, as a citizen of some other Republic, I might have found it hard to approve of the occupation of the territory of other Republics, even as a temporary measure.

It therefore has seemed clear to me as President that the time has come to supplement and to implement the declaration of President Wilson by the further declaration that the definite policy of the United States from now on is one opposed to armed intervention.

The maintenance of constitutional government in other Nations is not a sacred obligation devolving upon the United States alone. The maintenance of law and of the orderly processes of government in this hemisphere is the concern of each individual Nation within its own borders first of all. It is only if and when the failure of orderly processes affects the other Nations of the continent that it becomes their concern; and the point to stress

is that in such an event it becomes the joint concern of a whole continent in which we are all neighbors.

It is the comprehension of that doctrine — comprehension not by the leaders alone but by the peoples of all the American Republics — that has made the conference now concluding its labors in Montevideo such a splendid success. A better state of feeling among the neighbor Nations of North and Central and South America exists today than at any time within the memory of this generation. For participation in the bringing about of that result we can feel proud that so much credit belongs to the Secretary of State of the United States, Cordell Hull.

In the wider world field, however, a chain of events has led of late, we fear, away from, rather than toward, the ultimate objectives of Woodrow Wilson.

The superficial observer charges this failure to the growth of the spirit of nationalism. But, in so doing he suggests a nationalism in the wrong sense, a nationalism in its narrower, restrictive sense; he suggests a nationalism of that kind supported by the overwhelming masses of the people themselves in each Nation.

I challenge that description of the world population today.

The blame for the danger to world peace lies not in the world population but in the political leaders of that population.

In this place about fifteen years ago, the imagination of the masses of world population was stirred, as never before, by President Wilson's gallant appeal to them — to those masses — to banish future war. His appeal meant much to them, but it meant little to the imagination or the hearts of a large number of the so-called statesmen who gathered in Paris to assemble a treaty of so-called peace in 1919. I saw that with my own eyes. I heard that with my own ears. Political profit, personal prestige, national aggrandizement attended the birth of the League of Nations, and handicapped it from its infancy.

Nevertheless, through the League directly, or through its guiding motives indirectly, the States of the world, in the years that have gone by, have groped forward to find something better than the old way of composing their differences.

To the Woodrow Wilson Foundation

The League has provided a common meeting place; it has provided machinery which serves for international discussion; and in very many practical instances of which you and I know it has helped labor and health and commerce and education, and last but not least, the actual settlement of many disputes great and small between Nations great and small.

Today the United States is cooperating openly in the fuller utilization of the League of Nations machinery than ever before.

I believe that I express the views of my countrymen when I state that the old policies, the old alliances, the old combinations and balances of power have proved themselves inadequate for the preservation of world peace. The League of Nations, encouraging as it does the extension of non-aggression pacts, of reduction of armament agreements, is a prop in the world peace structure, and it must remain.

We are not members and we do not contemplate membership. We are giving cooperation to the League in every matter which is not primarily political and in every matter which obviously represents the views and the good of the peoples of the world as distinguished from the views and the good of political leaders, of privileged classes and of imperialistic aims.

If you figure the world's population at approximately one billion and a half people, you will find it safe to guess that at least 90 percent of all of that billion and a half are today content with the territorial limits of their respective Nations, and are willing further to reduce their armed forces tomorrow if every other Nation in the world will agree to do the same thing. Back of the threat to world peace lie the fear and perhaps even the possibility that the other 10 percent of the people of the world may go along with a leadership which seeks territorial expansion at the expense of neighbors and which under various pleas in avoidance is unwilling to reduce armament or stop rearmament even if everybody else agrees to non-aggression and to arms reduction.

If that 10 percent of the world population can be persuaded by the other 90 percent to do their own thinking and not be led, we shall have practical peace, permanent peace, real peace

To the Woodrow Wilson Foundation

throughout the world. As you know, our own country has reduced the immediate steps to this greatest of objectives—reduced those steps to practical and reasonable terms.

I have said to every Nation in the world something to this effect:

1. Let every Nation agree to eliminate over a short period of years, and by progressive steps, every weapon of offense that it has in its possession and to create no additional new weapons of offense. That, of course, does not guarantee a Nation against invasion unless at the same time we allow the Nations to implement that fact with the right to fortify its own border with permanent and non-mobile defenses; and also with the right to assure itself through international continuing inspection that its neighbors are not creating or maintaining offensive weapons of war.
2. A simple declaration that no Nation will permit any of its armed forces to cross its own borders into the territory of another Nation. Such an act would be regarded by humanity as an act of aggression and as an act, therefore, that would call for condemnation by the world as a whole.
3. It is clear, of course, that no such general agreement for the elimination of aggression or the elimination of the weapons of offensive warfare would be of any value in this world unless every Nation, without exception, would enter into such an agreement by solemn obligation. If then such an agreement were signed by a great majority of the Nations—an overwhelming majority in my opinion—on the definite condition that it would go into effect only when signed by all the nations, then, my friends, it would be a comparatively easy matter to separate the sheep from the goats. It would be a comparatively simple matter to determine which Nations in this enlightened time are willing to go on record, by refusing to sign that pact, as belonging to the small minority of mankind which still believes in the use of the sword for invasion of, and attack upon, its neighbors.

Opposition to the Saloon

I did not make this suggestion until I felt assured, after a hard-headed practical survey, that the temper of the overwhelming majority of all men and women in my own country as well as of those who make up the world's population, agrees with the fundamental objective I have set forth and to the practical road to that objective. The political leaders of many of these peoples interpose and will continue to interpose argument, excuse, befogging amendment—yes, and even ridicule. But I tell them that the men and women they serve are so far in advance of that type of leadership that we could get a world accord on world peace immediately if the people of the world could speak for themselves.

Through all of the centuries of recorded history and down to the world conflict of 1914 to 1918, wars were made by governments. Woodrow Wilson challenged that necessity. That challenge made the people who create and the people who change governments think. They wondered with Woodrow Wilson whether the people themselves could not some day prevent governments from making war.

It is but an extension of the challenge of Woodrow Wilson for us to propose in this newer generation that from now on war by governments shall be changed to peace by peoples.

193 ¶ A Telegram Re-affirming the President's Opposition to the Return of the Saloon.

December 29, 1933

Hon. Rubey M. Hulén,
Chairman, Democratic State Committee,
Columbia, Mo.

Referring to your telegram of December twenty-fifth, it is obviously neither proper nor within my power to interfere in any way with the formulation of State legislation for the control of the liquor traffic. In view of the Party pledges given the Nation

The Eighty-second Press Conference

before the election in 1932 I have great confidence that our party leaders not only in your State, but wherever this question of liquor control is coming up will respect pledges made to the Electorate and will provide legislation that will make impossible the return of the open saloon and all its attendant evils. May I call your attention to the following in the proclamation which I issued repealing the Eighteenth Amendment: "I ask especially that no State shall by law or otherwise authorize the return of the saloon either in its old form or in some modern guise."

194 ¶ The Eighty-second Press Conference (Excerpts). December 29, 1933

(N.R.A. and big business — N.R.A. and monopolies — Cooperation between the Congress and the Executive without interference with each other.)

THE PRESIDENT: Well, what is the news?

Q. That is what we would like to know.

THE PRESIDENT: I think everything is all quiet. No message written yet, no Budget message. We are still scribbling lots of figures and essays and so forth all over sheets of paper. I am living with sheets of paper. . . .

Q. Can you tell us anything about the conference this afternoon with General Johnson, Senator Nye and Senator Borah?

THE PRESIDENT: Oh, I think so. It was merely a preliminary conference to discuss some of the new problems which have been raised through the actual operation of N.R.A. We have had two worries, not only Senator Borah and Senator Nye, but General Johnson and myself. The two worries are that the operation of some of the codes may work out in such a way that big business will be benefited to the detriment of the little businesses. The other problem is that certain developments would tend to show that some industries believe that the Sherman Anti-trust Law principle has, in some mysterious way, been abolished by the N.R.A. — which, of course, is not so.

The Eighty-second Press Conference

What we are seeking is the method of answering those two questions. The first is the adequate protection of the little fellow against the big fellow, and the second is the retaining of the principles of the Sherman Anti-trust Law.

That is about as far as we got. It was just a preliminary discussion as to how to go about it.

Q. Will that lead to legislation or be largely administrative correction without legislation?

THE PRESIDENT: So far as the protection of the little fellow goes, it can probably be done administratively. So far as the clarification of the retention of the Sherman Anti-trust Law goes, we may have to make the language of N.R.A. a little bit more clear by legislation.

Q. Mr. President, does this first proposal contemplate taking more of the small retailers out than were taken out in this order that was put through some time ago? How do you intend to tackle that administrative problem?

THE PRESIDENT: Probably through the setting up of some better machinery for the protection of the little men. As I say, we haven't got to the details of it yet. We did discuss the possibility of some board that would act toward that problem in the same relative way as Senator Wagner's Board has functioned in regard to disputes between capital and labor.

Q. Can you tell us what the disputes are between those two classes of business men? What is the dispute between the business men?

THE PRESIDENT: A lot of little fellows have thought that they might be forced out of business. We want to avoid that; and there will have to be somebody assigned for them to go to.

Q. Go to for modification of the code?

THE PRESIDENT: No, to go to to check up their particular case. In a great many cases, probably the majority, it would not involve modification of the code itself. It would be merely a question of saying what is a fair practice.

Q. Mr. President, doesn't this bring up the inevitable fact that

The Eighty-second Press Conference

the operation of the N.R.A. must drive the marginal producer or business man out of business?

THE PRESIDENT: That is a pretty broad subject and there is a lot in it. Well, the simplest way of putting it is to give an illustration. What are you going to do in the case of shoes? There are enough shoe factories in the country today to turn out 900 million pairs of shoes a year and we wear only about 325 million pairs of shoes a year. There is a certain limit to the number of shoes a human being can wear in the course of a year. What shall we do in case you decide to go into the shoe business tomorrow and start a brand new factory? You only complicate things. Well, those are the things we have not solved yet.

Q. If I am a little fellow, a little inefficient fellow, I am going to be the fellow that comes to the Board.

THE PRESIDENT: You might be a big fellow. Inefficiency is not necessarily based on size. . . .

Q. Are you going to recommend legislation on the stock market?

THE PRESIDENT: I haven't done a thing about it. I believe a lot of people are looking it up and checking on it—members of both Houses and the Commerce Committee and I don't know who else. There are lots of people checking on it.

Q. Do you contemplate some legislation?

THE PRESIDENT: I cannot tell you because I haven't a thing on it as yet. . . .

Q. Can you tell us whether you discussed with Senators Borah and Nye a proposition of either of them accepting a place on this Board that may possibly be created to discuss anti-trust legislation?

THE PRESIDENT: We only mentioned it casually. I think we are all agreed that they could not and should not—no member of Congress should or could accept a place on an Administrative Board with powers.

But we also were in general agreement with the thought that Congress should, in some way, keep in touch with the administrative procedure from day to day and week to week

The Eighty-second Press Conference

through the year. In other words — now this is off the record just so as to give you the thought in the back of my head — it would be a great deal better for the Government as a whole if Congress could keep in very close touch with the operations of the administrative branch of the Government right straight through the year. The custom in the past has been for Congress, every once in so often, to conduct an investigation which goes back two or three or four or five years. It doesn't do anybody any particular good, because, if the Administration is doing anything it should not do, it would be a great deal better to have it known right away.

So, for a long time, I have been trying to work out some practical method of keeping the Congress in touch, day in and day out, with what the Administration is doing, so that there won't be an accumulation of things which may result after a long period of years in scandal or investigation. At the same time we could keep perfectly clear the separation of functions.

Some of you who were in Albany remember the drag-down knock-out fight I had four years ago, when the New York State Legislature tried to maintain, throughout the year, a control over the expenditures of appropriations. I had to carry it all the way up to the Court of Appeals. We lost in the lower court and won out by a unanimous opinion in the Court of Appeals, which decided that the Legislature had no right to control Executive functions in any shape, manner or form. That does not mean that the Legislature hasn't the right — and probably should have the actual practice — of constantly inspecting Executive acts. That is a very different thing, as long as they do not tell the Executive how to carry out the Executive functions.

If you use this, draw the distinction that we cannot have interference by the Legislature. After they once pass a law and appropriate the money, they have nothing more to say about its expenditure in an Executive way; but, at the same time, they have every right to watch the operation of spending. It

Restoration of Non-Member Banks

makes for frankness and public knowledge of Government throughout the year. . . .

NOTE: With respect to monopolies, mentioned in this Press Conference, see Items 11 and 39 of Vol. III.

With respect to the discussion of cooperation between the Executive and Legislative branches of the

Government, the reader is referred to the chapter dealing with the Executive Budget dispute between the Legislature of the State of New York and myself, as Governor of the State in 1929, contained in Vol. I.

195 ¶ The Restoration of Non-Member Banks to the Jurisdiction of Their Own State Banking Authorities. Proclamation No. 2070.

December 30, 1933

WHEREAS, on March 6, 1933, I, Franklin D. Roosevelt, President of the United States of America, by virtue of authority vested in me by the act of October 6, 1917 (40 Stat. L. 411), as amended, issued a proclamation declaring that an emergency existed and that a national banking holiday be observed;

WHEREAS, on March 9, 1933, I issued a proclamation continuing the terms and conditions of said proclamation of March 6, 1933, in full force and effect until further proclamation by the President;

WHEREAS, on March 10, 1933, I issued an Executive Order authorizing the appropriate authority having immediate supervision of banking institutions in each State or any place subject to the jurisdiction of the United States to permit any banking institution not a member of the Federal Reserve System to perform any or all of its usual banking functions except as otherwise provided;

WHEREAS, the Secretary of the Treasury, pursuant to authority granted by other provisions of the said Executive Order of March 10, 1933, has acted upon all requests for licensing of banks members of the Federal Reserve System;

Restoration of Non-Member Banks

WHEREAS, the Federal Deposit Insurance Corporation has acted upon all applications to it for membership in the Temporary Federal Deposit Insurance Fund as provided for in section 12B (y) of the Federal Reserve Act as amended by section 8 of the act of June 16, 1933, Public No. 66, 73d Congress, and has admitted to the said fund all applicant banks which are duly and properly qualified; and

WHEREAS, it is now appropriate that the banking authority in each State and any place subject to the jurisdiction of the United States should have and exercise the sole responsibility for, and control over, banking institutions not members of the Federal Reserve System;

Now, therefore, I, Franklin D. Roosevelt, President of the United States, in order to assure that the banking authority in each State and in any place subject to the jurisdiction of the United States shall have and exercise the sole responsibility for, and control over, banking institutions which are not members of the Federal Reserve System, do hereby proclaim, order, direct, and declare that the proclamations of March 6, 1933, and March 9, 1933, and the Executive Order of March 10, 1933, and all orders and regulations pursuant thereto, are amended, effective the first day of January, nineteen hundred and thirty-four, to exclude from their scope banking institutions which are not members of the Federal Reserve System. Provided, however, That no banking institution shall pay out any gold coin, gold bullion, or gold certificates, except as authorized by the Secretary of the Treasury, nor allow the withdrawal of any currency for hoarding, nor engage in any transactions in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

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(Index by Miss K. C. Blackburn)

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